KEOLIS S.A.
FINANCIAL REPORT
2018

CONTENTS

1. MANAGEMENT REPORT

A MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AT THE ANNUAL GENERAL MEETING ON 14 MAY 2019

Ladies and Gentlemen,

We have convened this Ordinary Annual General Meeting, in accordance with legal, regulatory and statutory requirements to report to you on the activities of our Company during the year ended 31st December 2018 and submit for your approval the annual and consolidated accounts of that year.

In addition, your Auditors will also read their reports to you.

For our part, we are at your disposal to provide any clarification and further information that you might find desirable.

We will review below, successively, the various items of information as required by applicable regulations.

■ ACTIVITY

Business activity and development

France

- The Group recorded solid commercial results, with an additional €616 million of full-year contract revenue won on bids registered in 2018. The economic performance of all major networks recovered in the wake of the latest contract renewals in 2017. Keolis had its contract renewed in Tours, Orleans, Arras, Saintes, Montargis and for the Rennes, Metz and Caen charters, also winning new contract bids in Nancy, Chambéry, Bourg-en-Bresse and Charles de Gaulle Express (with RATP Dev). The urban contract tenders in Angers, Brest and Aix-en-Provence are still in progress and will be awarded in 2019. Commercial performance in Île-de-France was good, but French regions are experiencing difficulties in renewing their contracts, in particular in the South East due to high competition and pressure on the budgets of public transport authorities.
- Measured by value, the offensive bids won by the Group compensated the defensive contracts that were lost.
- Passenger revenue on urban contracts grew sharply by 7.9% compared to 2017 across Keolis' 15 largest urban transport networks.

International

- Outside France, the Group's business grew significantly, with the carryover effect of contracts that had started in 2017: Manchester (tram, UK), Aarhus (tram, Denmark), TWN (passenger rail, Germany), Zwenzwoka and Almere (passenger rail and bus, Netherlands) Foothill (bus, United States), and Newcastle (multimodal, Australia). The Group also won and took over the Wales & Borders contract (UK). We can also note the renewal of the Bergen tram contract (Norway), the win of Greensboro and the extension of Las Vegas (KTA, United States), mobilisation in Doha (metro and tram, Qatar) and the offensive win of Odense (tram, Denmark).
- The year was also marked by the continued turnaround of the Boston contract, and fragile results in Continental Europe.

Acquisitions and investments

In France, the Group acquired the Péglion transport group in the Alpes-Maritimes department and disposed of its shares in the companies SEM VFD and Millau Cars.

Internationally the Group purchased the group Open Tours (school buses).

The company's financial position

At 31 December 2018, the Group had net financial debt of €89.1 million, chiefly comprising external borrowings contracted in France and other countries which mature between now and 2025.

To manage its liquidity risk, the Group uses bank overdrafts, short term financing facilities and daily liquid investments.

The Group manages its counterparty risk by only borrowing from banks falling within the "Authorised" bank category. This category is defined according the banks' ratings and their participation towards the financing of the Group.

As a result of its operational, financial and investment activities, the Group is exposed to the following financial market risks:

- Interest rate risk;
- Foreign exchange risk;
- Commodities risk.

To manage this exposure, the Group uses standard, liquid and market-available derivative financial instruments:

- forward and futures sales and purchases;
- swaps;
- call options;
- put options used in combination with call options to provide symmetric or asymmetric collars.

The Group's interest rate risk exposure results from its financial debt, part of which is subject to variable interest rates. It is therefore exposed to rate rises. The objective of risk management is to protect the Group's financial income/expense from an increase in interest rates, while taking advantage of any decrease in rates to the greatest possible extent.

The Group also makes investments in foreign entities. To cover the foreign exchange risks engendered by these investments, the Group uses derivative financial instruments to maintain a reference exchange rate defined for the year.

The Group is exposed to the risk of the fluctuation of the price of diesel. This risk is partially hedged in the concession contracts signed with public transport authorities. For the remaining exposure, the Group implements a hedging policy using derivative financial instruments whose objective is to minimise the volatility of Group profits.

Main risks and uncertainties

The Group conducts its business in a constantly-evolving economic, competitive and technical environment. Identifying and anticipating risks and finding ways of controlling them lie at the heart of its concerns.

The Group's geographical footprint, its status as a market leader and key player in different modes of transport, and the nature of the passenger transportation business all entail both intrinsic and external risks for the Group.

- Continuity risks take the form of sudden and serious events which affect business continuity and potentially harm the image and credibility of the Group. This could be the case, for example, with a major passenger accident, a terrorist attack or a widespread data breach.
- Performance risks are a threat to the company's results. They arise from operational management issues, such as not winning key contracts abroad, a lack of necessary expertise in the complexity of railway operations, difficulties in recruiting for jobs in production and non-compliance with regulatory requirements such as the prevention of bribery and corruption.
- Transformational risks threaten the future of the company and necessitate deep and rapid corrective action. This type of risk can be illustrated by poor use of data, the arrival of new market players with a disruptive model or delays in adopting an energy transition.

The Group has formulated its risk management and internal control framework setting out its strict risk monitoring and control system, sponsored by the members of the Executive Committee.

The Group's financial results

The Group's recurring turnover for 2018 amounts to €5,624.1 million, an increase of €485.5 million, or +9.4%, on 2017.

The currency impact is negative at €(103.9) million in particular against the Swedish krone and the Australian and American dollar.

There is a positive technical impact of €49.5 million due to the CVAE reinvoiced no longer being reclassified as a cost reduction, and to the effects of IFRIC 12.

The consolidation scope effect is positive at +€28.6 million, including including €16.5 million in France (Péglion +€16.1 million, Les Coccinelles and Les Kangourous 2 +€1.6 million, counterbalanced by the disposal of Millau Cars for €(1.1)million), and +€12.1 million internationally (Open Tours in Belgium +€10.2 million, Goolwa in Australia + €1.9 million)

The portfolio impact of contracts won and lost stands at +€262.4 million, comprising €(2.8) million in France (losses of Lorient €(30.8) million and Montbéliard €(9.2) million, compensated by the win of Besançon +€37.1 million) and + €265.2 million internationally: United Kingdom +€131.7 million (the start of the Manchester contract in the third quarter 2017+€39.8 million, Wales & Borders +€92.0 million), Germany +€55.1 million (TWN), the Netherlands +€51.5 million (Almere and Zwenzwoka), Sweden €(8.0) million (termination of Värmland), Belgium +€2.5 million, KTA +€13.0 million (start of Foothill in July 2017) and Australia +€19.4 million (start of Newcastle in July 2017 and DRT).

Organic growth within existing contracts stands at +€248.3 million or +4.8%, comprising +€97.7 million in France (Major City networks +€44.9 million, City networks +€25.4 million, French regions +€9.5 million, Île-de-France +€21.9 million and Other €(4.0) million), +€150.9 million for international activities (United Kingdom +€9.2 million, Continental Europe +€34.4 million, North America +€35.3 million, Australia +€67.5 million, New Regions +€4.6 million), and €(0.3) million in the corporate holding company.

Organic growth of turnover including portfolio growth amounts to +€510.7 million or 9.9%.

Consolidated recurring EBITDA stands at €311.9 million, up by €52.1 million, or 20.0%, on 2017.

The foreign exchange impact is negative at €(4.8) million due to the Swedish krone and the American dollar.

The technical impact is positive at +€11.5 million due to the CVAE reinvoiced no longer being reclassified as a cost reduction in France.

The consolidation scope effect improves recurring EBITDA by €3.3 million, including €0.6 million in France (Péglion +€0.8 million) and +€2.7 million internationally (including +€2.3 million in Belgium with Open Tours and Nice Travelling).

The portfolio impact of contracts won and lost amounts to +€6.1 million, of which +€1.5 million in France (the win of Besançon +€2.2 million, partly counterbalanced by the losses of Lorient €(0.4) million and Montbéliard €(0.3) million) and +€4.7 million internationally (in particular Manchester +€4.8 million, Continental Europe €(0.6) million, North America +€1.0 million and Australia €0.6) million).

Organic growth within existing contracts amounts to +€36 million comprising +€7.5 million in France (Major City networks +€12.7 million, Greater Paris +€4.2 million, City networks +€0.2 million, Regions €(7.1) million, and Other €(2.5) million), +€28.1 million for international activities (Australia +€13.9 million, Continental Europe +€7.2 million, North America +€4.4 million, Other Regions +€2.8 million, United Kingdom €(0.2) million). The corporate holding company shows a slight improvement of +€0.3 million.

Organic growth of recurring EBITDA including portfolio growth is +€42.1 million or 16.2%.

Recurring operating profit amounts to €123.5 million, an improvement of €29.0 million or 30.7% in relation to 2017.

Net income (Group share) for 2018 amounts to €49.5 million as against €39.4 million in 2017.

Free cash flow generation with application of IFRS 10-11 amounts to +€92.6 million at 31 December 2018. Excluding acquisitions, it stands at +€111.4 million, compared to the free cash flow excluding acquisitions of €(84.7) million in 2017, thus representing an improvement of +€196.1 million. This is can mainly be attributed to the EBITDA, the variation in working capital and investments.

The Group's net debt with application of IFRS 10-11 amounts to €89.1 million at end of December 2018 compared with €246.5 million at end of December 2017. Excluding acquisitions, it stands at €61.8 million compared with €234.8 million at end of December 2017.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union.

Revenue from ordinary activities amounts to €5,655.1 million.

After taking into account all operating costs, operating profit after investments under the equity method amounts to €120.7 million.

Net profit (group share) for the year ending 31 December 2018 amounts to €49.5 million.

ANNUAL FINANCIAL STATEMENTS

The financial statements of the Company are prepared in accordance with French GAAP.

Operating profit/(loss), including share of joint ventures, stands at (€17,785) thousand.

The Company recorded net financial income of €7,579 thousand.

After the posting of an exceptional loss of €(5,162) thousand and a corporate income tax credit of €13,245 thousand, Keolis' financial statements show a net loss of €(2,123) thousand.

SUBSIDIARIES AND HOLDINGS

The table attached to our balance sheet provides all the necessary information concerning our company's subsidiaries and holdings.

NOTIFICATION OF MAJOR HOLDINGS AND ACQUISITIONS OF CONTROL

During the financial year 2018, Keolis S.A. acquired or took control of:

Acquisition of Companies in France / Shareholding investments		
Name	Date	Percentage
Transport Régional des Alpes Maritimes	04/01/2018	100 % Keolis S.A.
Société anonyme des Transports Routiers Voyageurs des Alpes Maritimes	04/01/2018	100 % Keolis S.A.
Société Nouvelle des Autocars Santa Azur	04/01/2018	100 % Keolis S.A.
Phocéens Cars	04/01/2018	100 % Keolis S.A.

Acquisition of companies abroad / Shareholding investments		
Name	Date	Percentage
Open Tours NV	23/08/2018	100 % Eurobus Holding
Nice Travelling SPRL	23/08/2018	100 % Eurobus Holding
Zuun Cars BVBA	23/08/2018	100 % Eurobus Holding
Modern Toerisme NV	23/08/2018	100 % Keolis Vlaanderen

Establishment of companies in France		
Name	Date	Percentage
KLP 30	26/11/2018	100 % Keolis S.A.
KLP 31	26/11/2018	100 % Keolis S.A.
KLP 32	26/11/2018	100 % Keolis S.A.
KLP 33	26/11/2018	100 % Keolis S.A.
KLP 34	26/11/2018	100 % Keolis S.A.
KLP 35	26/11/2018	100 % Keolis S.A.
KLP 36	26/11/2018	100 % Keolis S.A.
KLP 37	26/11/2018	100 % Keolis S.A.
KLP 38	26/11/2018	100 % Keolis S.A.
KLP 39	26/11/2018	100 % Keolis S.A.

Establishment of companies abroad		
Name	Date	Percentage
OC Yellow Access	01/07/2018	100 % Yellow Cab
Keolis Canada Innovation SEC	27/08/2018	99 % Autocar Orleans Express Inc 1 % 9382-2849 Quebec Inc
9382-2849 Quebec Inc	27/08/2018	100 % Keolis Canada Inc

RESEARCH AND DEVELOPMENT ACTIVITY

The company did not incur any research-related expenditure during the year. Many development activities for new products and services are, however, carried out closer to the operational managers to ensure their ability to meet market requirements. The corresponding expenses are not isolated in profit or loss and have not been specifically monitored.

FORESEEABLE TRENDS AND FUTURE OUTLOOK

In France, 2019 will be a busy year for the Group, with the results of the last three contract renewal tenders in major urban networks (Brest, Angers and Aix-en-Provence), the launch of networks relating to new contracts (Tours, Orleans, Chambéry and Bourg-en-Bresse) and rapid transit lines in Amiens, Caen and Bayonne and with the implementation of recovery plans in interurban business, which had been affected by the French Act of Parliament "NOTRe".

The main avenues for growth in France, in the medium term, are targeted acquisitions in the increasingly concentrated suburban market and the continued opening up to competition of the Île-de-France market.

Outside France, the Group will see brisk commercial activity with substantial offensive development and renewals. Importance will be placed on the continued success of new contracts which started in 2018: Wales & Borders (United Kingdom), the Doha metro and tram (Qatar), HWN2 (Germany, Greensboro (United States) and the Newcastle tram (Australia).

The Group will continue to pursue plans to improve profitability in North America and Continental Europe.

SIGNIFICANT EVENTS SINCE THE END OF THE YEAR

There are no significant post-balance sheet events to report.

NON-FINANCIAL INFORMATION

In application of the adaptation of the European directive on the disclosure of non-financial performance (French decree n°2017-1265 dated 9 August 2017 issued for the application of the order no°2017-1180 dated 19 July 2017), Keolis S.A., as a non-listed company whose total of balance sheet and net revenue exceeds 100 million euros and whose average number of permanent employees during the financial year exceeds 500, is obliged to publish its statement of non-financial performance in its financial report.

This statement of non-financial performance also complies with provisions of Act n° 2017-399 dated 27 March 2017 on the duty of vigilance of parent and contracting companies. The required vigilance plan it therefore incorporated within this document.

For the benefit of readers, we publish all of this information in Appendix 2 "Statement of non-financial performance attached to this document.

It is specified that the consolidation scope of this information is the same as the financial consolidation scope.

In accordance with legislation and regulations in force, the information supplied in this appendix is verified by an independent third-party body certifying the existence and validity of the disclosed information. Its report is at the disposal of the Annual General Meeting.

Furthermore, four Keolis subsidiaries will publish their own non-financial data since they attain the aforementioned thresholds. These subsidiaries are Keolis Bordeaux Métropole, Transpole, Keolis Lyon and Keolis Rennes.

INFORMATION ON SUPPLIER PAYMENT DEADLINES

In accordance with articles L 441-6-1 and D 441-4 of the Commercial Code, we breakdown, as at the end of the last financial year, the balance of amounts owing to our suppliers and owed by our customers by due date:

Invoices received and not paid at year end	0 days (indicative)	1 - 30 days	31 - 60 days	61 - 90 days	91 days and more	Total (1 day and more)
(A) Overdue payment brackets						
Number of invoices	302					907
Total value of invoices (incl. VAT)	11,476	(227)	(22)	(14)	1,302	1,039
Percentage of total value of purchases (excl. VAT) for the year	15.5%	-0.3%	-	-	1.8%	1.4%
Percentage of total turnover (excl. VAT) for the year						
(B) Invoices not included in (A) relating to disputed or non-booked liabilities						
Number of invoices not included	-					
Value of invoices not included (excl. VAT)	-					
(C) Reference payment due date used (contractual or legal)						
Due date used to calculate overdue payments:	☑ Contractual due date ❑ Legal due date					

Invoices issued and not settled at year end	0 days (indicative)	1 - 30 days	31 - 60 days	61 - 90 days	91 days and more	Total (1 day and more)
(A) Overdue payment brackets						
Number of invoices	189					572
Total value of invoices (excl. VAT)	29,412	2,864	3,038	390	6,515	12,806
Percentage of total turnover (excl. VAT) for the year	14.3%	1.4%	1.5%	0.2%	3.2%	6.2%
Percentage of total value of purchases (excl. VAT) for the year						
(B) Invoices not included in (A) relating to disputed or non-booked receivables						
Number of invoices not included	-					
Value of invoices not included (excl. VAT)	-					
(C) Reference payment due date used (contractual or legal)						
Due date used to calculate overdue payments:	☑ Contractual due date ❑ Legal due date					

ALLOCATION OF PROFIT

We propose to allocate the loss for the year, amounting to €2,123,352.96, to Retained Earnings.

We additionally propose that the negative balance of Retained Earnings be fully assigned to Other Reserves, reducing their amount to €54,777,238.04.

In accordance with legal requirements, you are requested to note that the amount of the dividend distributed and that of the corresponding dividend tax credit for the three previous financial years were as follows:

FINANCIAL YEAR	Dividend	Distributed income eligible for the allowance	Distributed income not eligible for the allowance
2017	Nil	-	-
2016	Nil	-	-
2015	Nil	-	-

Non-tax-deductible expenses

We inform you that in the course of the past financial year, non-tax-deductible expenses, within the meaning of Articles 223 *quater* and 223 *quinquies* of the General Tax Code, totalled €297,567.88.

SHAREHOLDINGS

On 31st December 2018, GROUPE KEOLIS S.A.S. owned 100% of the capital.

EMPLOYEE SHARES IN COMPANY CAPITAL

On 31st December 2018, there were no employee shares in the Company's capital.

AGREEMENTS COVERED BY ARTICLE L.225-38 OF THE COMMERCIAL CODE

You will be read the Statutory Auditors' report on agreements made during the fiscal year and authorized by your Board pursuant to Article L.225-38 of the Commercial Code.

DIRECTORS AND CONTROL OF THE COMPANY

Situation of board directors' mandates

Following the elections of staff representatives to the Keolis S.A. Social and Economic Committee (Comité Social et Economique) held on 12 October 2018. Ms Fabienne Jousni and Mr. Eric Patoux, both employee representatives on the Board of Directors, resigned from the Board to focus on the role of CSE staff representative, since the two positions are incompatible. Elections were held on 14 February 2019 and resulted in the election of Ms Pascale Nicolas and Mr. Laurent Agnesina as new employee representatives on the Board of Directors.

We hope that you will approve the above proposals and vote for the resolutions to be submitted to you.

THE BOARD OF DIRECTORS

B APPENDIX 1
REPORT ON COMPANY GOVERNANCE

1. Mode of exercise of the General Management

We report, in accordance with Article 148 of the Decree of 23 March 1967, that your Board of Directors has opted to combine the functions of Chairman of the Board and CEO.

Mr. Jean-Pierre Farandou was re-appointed Chairman and CEO during the Board of Directors' deliberations of 3 March 2016.

2. Terms of office and functions exercised by each of the executive officers

We list hereafter the terms of office and functions performed in all companies by each executive officer during the year:

Jean-Pierre FARANDOU

Chairman & CEO and Director	Keolis S.A.
President / Sole Member of the Executive Board	GROUPE KEOLIS S.A.S.

Isabelle BALESTRA

Director	Keolis S.A.
Director	Keolis Lille
Director	Transpole
Director	Keolis Lyon (since 05/06/2018)

Bruno DANET

Director	Keolis S.A.
Chairman & Director	Institut Keolis
Chief Executive	Keolis Bordeaux
Director	Keolis Bordeaux Métropole
Director	Keolis Rennes

Xavier HUBERT

Director	Keolis S.A.
Director	Keolis Rennes
Director	Keolis Orléans Val-de-Loire
Director	KDR Victoria Pty Ltd
Director	KDR Gold Coast Pty Ltd
Director	Keolis Downer Pty Ltd

Arnaud VAN TROEYEN

Director	Keolis S.A.
Chief Executive	Société de Gestion de L'Aéroport d'Angers-Marcé (until 16/10/2018)
Director and Chairman of Board of Directors	Société d'Exploitation de l'Aéroport Albert Picardie (until 15/11/2018)
Managing Director and Member of the Management Board	Société d'Exploitation de l'Aéroport Dôle-Jura (until 25/10/82018)
Director	OnePark (until 12/12/2018)
Member of Strategy Committee	Driverlite (until 31/01/2018)
Member of Strategy Committee	KEOLIS SANTÉ
Member of Strategy Committee and Chair of Strategy Committee (since 13/04/2018)	Voxtur
Board Member	Keolis Nordic Aktiebolag (since 29/10/2018)
Mitglieder des Aufsichtsrat	Keolis Deutschland GmbH & Co. KG (since 29/10/2018)
Board Member	Keolis Sverige AB (since 29/10/2018)
Director	Keolis Norge AS (since 29/10/2018)
Member of the Supervisory Board	Keolis Mobilities B.V.
Supervisor	Shanghai Keolis Public Transport Operation Managment Co. (since 29/10/2018)
Board Member	Keolis Danmark A/S (since 29/10/2018)
Director	Keolis Aarhus Letbane A/S (since 29/10/2018)
Supervisor	Keolis Wuhan Public Transportation Operation and Management Co Ltd (since 29/10/2018)

Kathleen WANTZ O'ROURKE

Director	Keolis S.A.
Director	Transpole
Director	Keolis Downer (since 12/12/2018)
Director	KDR Victoria (since 12/12/2018)
Director	KDR Gold Coast (since 12/12/2018)
Director	Nexans
Director	Trust Management Institute

Marc HINFRAY

Director	Keolis S.A.

Fabienne JOUSNI

Director	Keolis SA (until 18/10/2018)
Director	Keolis Brest
Director	Keolis Lorient

Eric PATOUX

Director	Keolis S.A. (until 18/10/2018)
Director	Keolis Amiens

3. List of agreements entered into directly or through third parties, between an executive director or a shareholder holding more than 10% of the voting rights of the Company, and another company in which the Company directly or indirectly holds a share in excess of 50%, notwithstanding ordinary transactions concluded at normal terms and conditions.

Nil.

4. Summary of currently valid delegations of powers and authorities granted by the general assembly of shareholders with regard to capital increases, in application of articles L. 225-129-1 and L. 225-129-2 of the Commercial Code, and mentioning the use made of these delegations during the financial year.

Nil.

C APPENDIX 2
STATEMENT OF NON-FINANCIAL PERFORMANCE

1 ■ INTRODUCTION

1.1. Business model

The Keolis S.A. Group, a leading public transport operator, operates and maintains urban, suburban and inter-urban transport networks on behalf of more than 300 contracting authorities (public transport authorities, public or private clients) whose end customer is the passenger.
Keolis is headquartered in Paris. Groupe Keolis S.A. is wholly-owned by GROUPE KEOLIS S.A.S., which itself is 70%-owned by SNCF and 30%-owned by Caisse de Dépôt et Placement du Québec (CDPQ).

Business Model of Keolis S.A.

Context and positioning:

- Increase of the demand of mobility: increase of the world population **+37%** between **2000** and **2030**, with an urban concentration estimated in **5.1 billions** in **2030**, making shared mobility a factor of attractiveness of cities
- Constrained **Public finances**, leading to a requirement of efficiency on behalf of the operators
- Keolis, world operator, **pioneer company** in the development of public transports (cable car, automatic light rail, self-moving shuttles) and playing a leadership role in changing in the profession (1st ISO14001 certified operator for environment on the scale of the group, 1st GEEIS* labelled operator for equality women / men, 1st Handeo labelled operator for the accessibility of the passengers)
- **Ambition** : World reference operator-integrator for all modes, in strong and value-creating partnership with the public transport authorities

* Gender Equality European & International Standard

Resources

Our continuous improvement program, Keolife

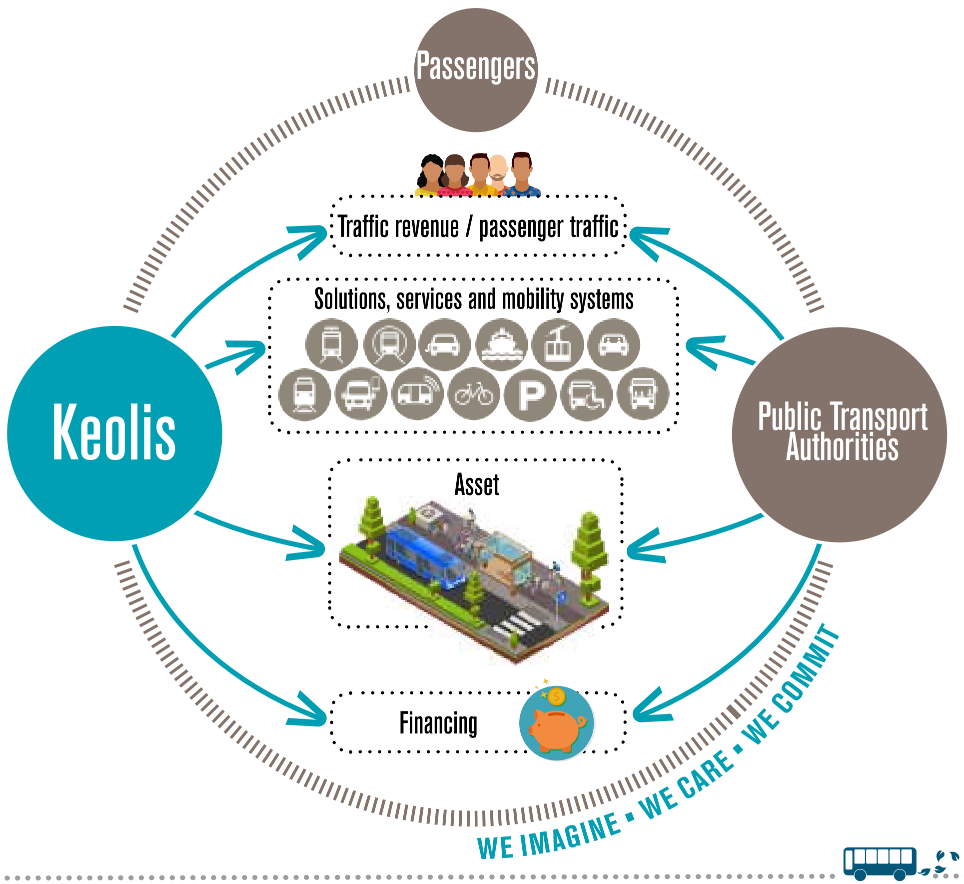
Expertise & experience
- Knowledge of mobility, passengers and the evolution of lifestyles and territories.
- Launch/takeover of new networks
- Offers and solutions of mobility in an integration and optimization framework
- Experimentation and innovation capactity

Financial
- 5.6 billion euros of turnover

Human
- 61 134 employees,
- 20% of women
- 67% driving staff
- 16% part-time employees

Environmental
- 4 780 MWh of consumed energy
- 1.2 M m3 of water among which 40% for the green platforms of tramways

Territorial anchorage
- Present in 16 countries, 288 subsidiaries



Results

3 billions of passengers / year
92% satisfied passengers

Financial
- 164 million euros of industrial investments
- 48 million euros of taxes expenses

Social
- 63% employees received a training
- 75% employees covered by a GEEIS certification for equality women/men

Environmental
- 42% of employees covered by an ISO14001 certification
- 0.01% of CO2 emissions of transport on a global scale
- Nearly 3 500 vehicles with alternative energies and more than 3 500 equipped with an eco-driving assistant
- 69% of hazardous waste recovered, 60% of non hazardous waste recovered
- 117 facilities equipped with a vehicle washing water recycling system
- 106 sites equipped with a rainwater collection system

Territorial anchorage
- More than 95 000 pupils covered by an awareness initiative at school
- 14 million euros of purchases made from Social and Supportive Economy (SSE)

Figures at end 2018

The 61,134 employees of Keolis S.A. and its subsidiaries are divided as follows:

- 33,228 France including 1,604 in Keolis S.A.
- 6,534 Sweden
- 4,862 Australia
- 4,646 United States
- 3,240 Belgium
- 1,549 Denmark
- 2,194 Netherlands
- 2,036 United Kingdom
- 989 Canada
- 763 Germany
- 961 India
- 132 Norway

All Keolis employees share the values 'We care', 'We imagine' and 'We commit'. Based on the culture and history of Keolis, these values bring all teams together around a shared vision of 'One Keolis' and are part of the Corporate Social Responsibility approach of Keolis, which further enhances their meaning.

We care: Every day, we guarantee the satisfaction of millions of passengers and gain the trust of public transport authorities; we stimulate the 61,134 Keolis employees by respecting our environment, including humans, whether they are our passengers, citizens or employees, over the entire value chain.

We imagine: We invent solutions to take care of people and the planet. We innovate for tomorrow. Keolis is above all a combination of technological and organisational expertise to give transport authorities tailor-made solutions that are constantly scalable; new forms of mobility, alternative energy, etc.

We commit: We comply with our legal obligations and our contractual commitments as well as those undertaken regarding our shareholders and other partners.

Keolis is involved in a continuous improvement approach via its KeoLife programme.

1.2. Organisation

Keolis contributes to sustainable development through a wide range of corporate initiatives and has integrated these projects into its continuous improvement programme, KeoLife. The different aspects of Groupe Keolis S.A.'s Corporate Social Responsibility are therefore led by the departments concerned. The department for Corporate Social Responsibility is responsible for its overall coordination.
At least once a year, it presents to the Executive Committee work undertaken, new initiatives and topics to be emphasised.
In addition to this, Keolis draws on discussions with its internal and external stakeholders to define the strategy and recommendations for the entire Groupe Keolis S.A.

1.3 Materiality of issues

Keolis' Corporate Social Responsibility strategy was developed using the framework of the international standard ISO26000. In 2018, this was updated using a materiality matrix.

Fifty-five subsidiaries (representing 85% of the workforce and 78% of revenue in 2017) were surveyed. They were asked to respond by conferring with colleagues, to mobilise different areas of expertise. It is therefore considered that employees were consulted through this exercise.
Representatives of the bodies taking part in the annual committee of Keolis external stakeholders under the patronage of the Chairman of the Board of Directors were consulted. Also questioned were other organisations that could provide cross-functional expertise on Corporate Social Responsibility or on a specific topic, such as accessibility or human rights, for example. Contextual benchmarks were then added to include the requirements expressed during non-financial assessments, via regulations or the expectations of our shareholders.

Food waste, the fight against food insecurity, respect for animal welfare and responsible, fair and sustainable food are not significant social challenges for Keolis. If applicable, this topic may be covered at a local level, for example by providing a company canteen to employees.

This publication is structured based on this strategy.
It sets out three principles and four commitments adapted to our activities and purchases:

- Principle 1: Human rights and fundamental freedoms
- Principle 2: Fair business practices
- Principle 3: Engagement with our public transport authorities and other stakeholders
- Commitment for our **passengers:** safety, accessibility and customer experience
- Commitment for our **employees:** safety, diversity and inclusion and employee experience
- Commitment for the **environment:** energy/climate, waste and water
- Commitment for **communities:** solidarity, education and culture

2 ■ OUR MAIN ISSUES, POLICIES AND RESULTS

2.1. Principle 1: Human Rights and fundamental freedoms

As the head office of Keolis is in France and the Group is mainly present in English-speaking countries, the matter of 'Human Rights and fundamental freedoms' was not the focus of a dedicated approach until the publication of the law on the Duty of Care.
The topics associated with this have been defined as follows: 'Diversity and inclusion', 'Relations and social dialogue', 'Elimination of forced or compulsory labour', 'Effective abolition of child labour' and 'Accessibility'.

As of now, the Diversity approach of Keolis is included in the continuous improvement programme, KeoLife. The current policy dates to 2016. This topic is covered in part 2.5.2 of this document.

With regard to relations and social dialogue, in compliance with local legal obligations, Employee Representative Bodies are in place in most Keolis subsidiaries. The elements concerning this topic are developed in part 2.5.3 'Employee experience'.

Accessibility is an important concern for Keolis' passengers. The accessibility approach of Keolis has been the focus of a policy since 2018. This topic is covered in part 2.4.3 of this document.

Concerning 'Elimination of forced or compulsory labour' and the 'Effective abolition of child labour', these topics are to be further considered within the framework of purchases made by Keolis. The elements concerning the sustainable procurement approach, which has been reinforced to comply with the law on the Duty of Care, are presented in part 2.8 'Sustainable purchases'.

Risks related to Human Rights and fundamental freedoms have been incorporated in the Keolis mapping of risks.
This map is updated at least once a year by the Internal Audit and Control Department.

The whistleblowing system, called the 'Keolis Ethic Line', set up to comply with obligations of the law known as 'Sapin 2', also makes it possible to flag up any serious breaches of Human Rights and fundamental freedoms. This system is described in part 2.2 'Fair business practices' of this document.

The Human Resources Department is responsible for managing the Human Rights and fundamental freedoms approach. It manages the network of HR experts of Keolis subsidiaries.

2.2. Principle 2: Fair business practices

2.2.1. Fight against corruption

Keolis has for many years asserted its commitment in fair business practice and its rejection of all forms of corruption.

The mapping of corruption risks has been drawn up in conjunction with the management teams of the Group departments most exposed to corruption risk:

- Group Purchasing Department;
- France Division;
- International Division.

An analysis of the processes led by these departments revealed 21 risks of corruption Group-wide in 2016. The corruption risk map was presented to the Groupe Keolis Ethics Committee, chaired by the Chairman of the Board of Directors.
This was sent to all the entities of Keolis worldwide. It was updated in 2017 to consider the risk rating by the different countries that took part in the process (France, Belgium, Sweden, Norway, Germany, United Kingdom, India and Australia).

The mapping of corruption risks will be updated in 2019.

Keolis voluntarily established the 'Konformité' programme in 2013 which calls on all employees to work and exercise their duties in compliance with legislation and business ethics. The 'Konformité' programme covers three areas applicable in all subsidiaries: strict compliance with free and fair competition, prevention of corruption and fare evasion, and the protection of personal data. The programme applies to all entities in France and internationally. The international entities are required to adapt it based on local legislation.

Each employee can consult all the programme's reference documents in the dedicated space on Keolis' collaborative online platform. Regarding the prevention of corruption, the main guidelines provided to Keolis managers are the:
- Guide for Ethical Business Conduct,
- 'Konformité at a Glance' brochure,
- Code of conduct to prevent corruption.

Keolis has also established three protocols that managers must follow. Outside France, these protocols can be adjusted to comply with local laws if they are stricter:
- Gifts and hospitality,
- Sponsorship and charitable contributions,
- Commercial partnerships.

In accordance with the new requirements of the Sapin 2 Act, Groupe Keolis S.A. introduced a new whistleblowing system in February 2018 called 'Keolis Ethic Line' (KEL) and began to roll it out in all entities in France. This system offers a simple and totally secure process for permanent and temporary employees to report events they have personally been made aware of and which fall within the scope of the legal provisions. The process is now open to all entities in France following notification and consultation of Employee Representative Bodies. At 31 December 2018, 116 French subsidiaries were members of the Keolis Ethic Line whistleblowing process.
The Chairman of the Board of Directors sent all Groupe Keolis S.A. employees a letter outlining the anti-corruption code of conduct as well as the new whistleblowing system, KEL.
All French subsidiaries were required to contact Employee Representative Bodies to integrate the code of conduct into internal regulations and introduce the KEL system.
In international subsidiaries, the sharing of the code of conduct is the responsibility of line management. At 31 December 2018, 116 French subsidiaries had added the anti-corruption code of conduct to their internal regulations.
Additional initiatives were carried out to reinforce the commitment of line management in deploying and effectively applying Keolis procedures. The Keolis Ethics and Compliance Committee continues to convene regularly to discuss subjects of topical interest.
Awareness and training initiatives continued in 2018. A second version of the online anti-corruption training module aimed at Keolis managers all over the world was developed to include new topics: conflicts of interest and influence peddling. This new module was completed by an additional 1,382 employees in 2018.

2018 data	2017 data	2016 data	Indicator
75%	-	-	*% of closed professional alerts falling within the scope of Keolis Ethic Line alert*
100%	-	-	*% of processed professional alerts falling within the scope of Keolis Ethic Line alert*
54%	-	-	*% of revenue covered by an ethics whistleblowing system*

In 2018, three alerts falling within the scope of KEL were closed and a final one is being processed.
Alerts received and admissible in 2018 concerned matters related to conflicts of interest and moral harassment.
Studies are currently under way to consider extending the KEL whistleblowing system to international entities and will be tested in 2019. Three international entities have already deployed their own internal process: Keolis Hyderabad (India), Keolis UK (United Kingdom) and KDR Victoria (Australia).

2.2.1. Personal data protection

Keolis is committed to carefully protecting and processing all personal data which it is entitled to gain knowledge of as part of its activities. This commitment has its own section in the compliance programme.
Each Group entity must comply with the legislation applicable to it in terms of personal data processing and protection.

Prior to the new General Data Protection Regulation (GDPR) coming into effect, Keolis began work to implement the project called 'Keolis for Personal Data Protection' (KPDP). Several actions were carried out before the regulations came into force on 25 May 2018.

A data protection officer was appointed for Keolis S.A. in July 2018.

Recommendations were made to subsidiaries in France for the appointment of Data Protection Officers in the Major City Networks, City Networks and in the subsidiaries that process large quantities of personal data or that process specific data due to their activities.

Other actions were then prioritised, granting particular importance to the inventory of personal data processing, the implementation of data processing registers and the updating of information on websites – Privacy policy and Cookie policy.
Work was carried out with the communities of professions most impacted by GDPR, namely Human Resources and Marketing.
The 'privacy and security by design' approach was strengthened in collaboration with Keolis' Information Systems Department. This approach factors in compliance from the beginning of projects in terms of GDPR and computer security.

Two in-house processes were established on two essential aspects of the new regulation: handling responses to requests from employees to access their personal data, and management of security breaches leading to violation of personal data. This second process will be shared in 2019. In 2018, Keolis S.A. received two requests to access data.

Tools that have been put in place at Keolis are shared with its networks which are responsible for applying them within their scope. The sharing of best practices is encouraged, especially through the KPDP community on Keolis' collaborative online platform.

Keolis is aware that not all countries are covered by regulations and so plans to formalise a minimum level of requirements in 2019. An associated performance indicator will also be defined.

2.3. Principle 3: Dialogue with our Public Transport Authorities and other stakeholders

2.3.1. Stakeholders

The stakeholder maps are produced at the subsidiary level. These maps not only identify stakeholders but also help define their expectations. This allows some complaints to be anticipated or certain misunderstandings to be rectified. Depending on their nature, certain projects may also be co-developed with stakeholders.
Keolis also provides its subsidiaries with tools and methods to allow them to formulate this mapping tool and then initiate and engage in dialogue with their stakeholders. They are therefore provided with a mapping model and prioritisation criteria to be used depending on the challenges and the goal of the ongoing dialogue. This includes a list of stakeholders split into three categories: stakeholders with which a contractual relationship has been established (public transport authorities, employees, suppliers, etc.), local stakeholders (associations, residents, etc.) and nationwide stakeholders (institutions, government ministries, etc.).
Subsidiaries are also supplied with general guidelines for their engagement with stakeholders.

In November 2018, Keolis brought together its external stakeholders at a collective dialogue event for the eighth consecutive year. Participants included association representatives, public transport authorities, trade federations, firms and experts. Keolis designed this stakeholder event in order to receive feedback from these stakeholders about our activities, market positioning and corporate continuous improvement programme. Members of the Executive Committee were also involved. At the 2018 edition of the event, discussions focused on the revision of Groupe Keolis S.A.'s Corporate Social Responsibility strategy and business ethics. This dialogue session was expanded to include new external stakeholders to strengthen the international dimension and to cover all our challenges in terms of Corporate Social Responsibility.

2.3.2. Partnerships

Keolis has entered into several partnerships to achieve progress and engage in dialogue around Corporate Social Responsibility:

Partnership with a disabled athlete

Arnaud Assoumani is a disabled athlete who has been sponsored by Keolis since his first world title in 2007. For several years now, this partnership has enabled Keolis to raise awareness about disabilities among its employees through specific meetings and initiatives.

CODATU - Association de Coopération pour le Développement et l'Amélioration des Transports Urbains et périurbains

Cooperation for the Development and Improvement of City and Suburban Transport Association

Through its activities, CODATU aims to promote dialogue between major urban transport stakeholders to leverage all its skills to promote the improvement in transport conditions in towns and cities in the south of France. Keolis has partnered with CODATU to promote viable mobility in growing towns. Every year, Keolis funds a grant and welcomes a student from the master's degree programme on 'Transport and Sustainable Mobility in African cities'. This offers valuable discussions on operating circumstances which vary widely from one country to another.

Flexinéo

Keolis and its partner Flexinéo are attempting to make life easier for families by allowing them to share children's travel within communities of trust. The aim is to facilitate organisation of travel to school and outside school thanks to the CmaBulle application. This initiative has received several awards, including:

- 2016 winner of '100 projects for the climate' COP 21
- 2017 winner of the 'New active and digital forms of mobility' call for projects by Société du Grand Paris and Ile de France Mobilité
- 2018 Smart City award by Ville Rail et Transports.

FNE - France Nature Environnement

French federation of environmental and nature protection associations, FNE represents a movement of 3,500 associations, grouped into 80 member-organisations. Since 2013, France Nature Environnement and Keolis have been working together on sustainable mobility. Since 2015, FNE and Keolis have been discussing more particularly the topics of energy, climate and atmospheric pollution in Europe.

SNCF Foundation

Keolis joined the SNCF Foundation in 2016 to enhance its commitment to the community, in three key areas: solidarity, education, culture.

The SNCF Foundation supports projects of diversity, cohesion and citizenship which allow everyone to live together in harmony.

It helps disadvantaged citizens in furthering their education, to acquire basic knowledge: reading, writing, mathematics, digital technology and sciences.

For those who do not usually have the opportunity, it also helps them discover cultural activities, as a spectator or participant.

FUB - Fédération des Usagers de la Bicyclette

Bicycle Users Federation

Keolis is a partner of FUB. Founded in 1980, FUB is an association which promotes cycling as a means of everyday transport, by linking up local associations, lobbying government organisations and running public communication campaigns. Groupe Keolis S.A. has been part of this partnership for several years, to remain attentive to the needs of cyclists and work with local cycle stakeholders.

United Nations Global Compact

Global Compact is a voluntary commitment, an international frame of reference, a platform of actions and exchanges; it is the largest global initiative in terms of Social Responsibility with over 13,000 participants in 170 countries. It brings together businesses, organisations, United Nations agencies, the world of work and civil society around ten universally recognised principles to build more stable and inclusive societies. Keolis signed these ten principles in 2004 and publishes its progress in the matter annually. In 2018, Keolis reinforced its commitment by becoming a partner of Global Compact France, which is the official local relay in France.

Handeco

A charity founded in 2008 at the initiative of the largest French associations and federations involved in helping people with disabilities. Handeco promotes the use of sheltered work organisations. It provides firms with a purchasing platform on which to share calls for tender for this sector, and publishes a supplier directory.

The partnership with Handeco, set up in 2015, helps spread the commitment to sustainable and supportive purchasing across the Group's entities. Thanks to Ubizz, a partner organisation of Handeco, Keolis has a global view of the purchases made by its subsidiaries to sheltered and adapted work firms. Indeed, this solution facilitates the collection of all the 'beneficiary units' collected.

Handéo

A union of national associations, Handéo acts to improve support and access to the city for people with a disability and senior citizens.
This partnership was established in 2016 under the 'Cap'Handéo Services de mobilité' certification. This is defined by usage quality guidelines describing the basic minimum service required to provide safe mobility and make the service offered easier to understand and more accessible for people with a disability.

Instant System

A French expert in data and multimodal urban mobility, Instant System is developing an intelligent urban mobility solution via a dynamic carpooling service that complements public transport. Keolis has been a partner of Instant System since 2016.

PIMMs - Points d'Information Mutualisés Multi-Services

Shared Multi-Service Information Offices
PIMMS are places for local contact and social solidarity where community workers, professionals in social liaison, help people in their dealings with public services. PIMMS also aim to create career development paths for these community workers to help them into sustainable and qualified employment. Keolis is one of the founding members of the PIMMS national union, established in 1998.

Wheeliz

Keolis and Wheeliz entered into a partnership in 2016 to round out the transport solutions for people with reduced mobility (TPRM). Wheeliz is the first French website for the rental of adapted vehicles between individuals. These modifications involve the driver's controls or access ramps for wheelchairs. This partnership opens the way for new possibilities, such as getting away for a weekend, going on holiday, proposing a simple and accessible offering to tourists, and potentially absorbing excess demand when the TPRM service is saturated.

2.4. Commitment for our PASSENGERS

2.4.1. Safety of operations

The safety policy is directly linked to Keolis' values: 'We care', 'We imagine' and 'We commit'.

It describes the:
- vision of Keolis, with 'Zero Harm' or 'Zero accident' being our goal
- scope – passengers and third parties, safety of employees and partners
- delegation – necessary for managers and employees in the field
- 10 workstreams that structure Keolis' safety guidelines applied by all entities, as part of a continuous improvement approach.

Within the context of Keolis' activities, safety of passengers and third parties refers to the measures taken by the entities to reduce all accident risks to guarantee passenger transport operations. The management of safety is also aimed at ensuring the safety of third parties moving in the same environment.

The different entities structure everyday actions by applying safety management systems dedicated to their activities and means of transport: rail, metro, tram, cable car, bus, etc. These systems clearly define the roles and responsibilities of each person, the operating modes (procedures, instructions) for teams, necessary skills and, finally, they describe the essential safety checks to carry out.

Assessment of the risks inherent to each activity is also put into context to decide on the best preventive actions and be able to react when necessary.

In 2018, many actions managed locally by the entities or centralised illustrate the company's ongoing commitment to improve safety.

Preventive actions initiated in previous years have led to significant results, with for example a reduction in the risk of a road vehicle losing a wheel. A single case was reported in 2018, compared to close to ten in the last three years. All internal teams and subcontractors in charge of maintenance now apply the established wheel nut tightening procedure, and visual indicators on the wheels allow the driver to pick up on any anomaly.
The campaign to reduce the risk of serious accidents in school transport, linked to the finding that a low proportion of students wear seatbelts (4.6% for the 15-19 age bracket), was developed by assessing concrete solutions such as creating a sleeve around the seatbelt that makes it more visible and encourages students to fasten them. Trials conducted on over 3,000 trips over a five-week period proved the efficiency of this initiative with up to 2.4 times more students wearing seatbelts.

Other initiatives were also conducted in the field of school transport with, for example, the superhero 'Keoman' in Belgium to raise student awareness about safety risks during their trips.

Other more specific actions were carried out to address the risk of accidents related to fatigue while driving. A structured approach has been developed, resulting from an initial assessment conducted by Keolis Dijon in 2017. This approach has been standardised and deployed, especially in the Seine Maritime area. It can be used to assess risk, make drivers aware of their practices and to offer a range of actions concerning organisation or better use of resting time.

As part of the redesign of the safety management system, Keolis Downer Victoria (Yarra Trams – Melbourne - Australia) was awarded its operating certificate without any conditions, by the safety authority of the state of Victoria (TSV).

Finally, the low road accident rate of Keolis Transit America (KTA) is a reference for Keolis and an analysis of best practices is underway. KTA's accident rate is 3.5 times lower than the rate of the second-placed network, largely thanks to the monitoring of driving behaviour, which sends an alert in the event of sudden braking and analyses the subsequent driving conditions.

2018 data	2017 data	2016 data	Indicator
1	0	10	*Number of deceased passengers due to accidents*
32	29	28	*Number of deceased third parties due to accidents*

All these actions contribute to the subsidiaries' progress. However, some situations, such as the collision of one of our coaches with a truck while stopped, which led to the death of a passenger, show the importance of remaining vigilant in all situations.

The total number of fatal accidents with a third party in 2018 increased (+3). These accidents are related to the conduct of the third parties (stopping on a level crossing, head-on collision on a bus or coach lane, lack of care regarding tram circulation). Even if these accidents occur in inevitable situations, it is our responsibility to find solutions to reduce their frequency and severity with all stakeholders: Public Transport Authorities, road infrastructure departments, state departments, passenger associations, etc.

This was the focus of a study conducted on the perception of trams by pedestrians, cyclists and passengers in 2018 and which will lead to concrete solutions in 2019. The 'nudge' approach was applied once again and generated over 80 ideas from employees on the ground, notably from the Bordeaux network. Four systems were selected to be developed and tested, such as one to make tram tracks visible for cyclists and pedestrians.

Over 80 bus and coach operating managers in France were trained in accident analysis with the objective being to improve the quality of diagnostics, identify causes and define preventive and corrective actions. The behaviour of managers in relation to drivers is an essential element of training to have a better understanding of situations. This approach reflects the 'Just Culture' approach applied to Keolis Commuter Service (Boston-USA) guaranteeing an informed analysis of situations of incidents and accidents and encouraging their reporting.

Lastly, internal audits of the safety management systems of Keolis Nederland and Keolis Deutschland allowed practices to be verified and areas for improvement to be put forward, notably concerning the continuous monitoring of drivers.

2.4.2. Security

Within the context of Keolis' activities, Security relates to deliberate harm caused to people and property, by internal or external sources.

Keolis is committed to preventing and fighting:
- fare evasion,
- petty crime,
- sexually-motivated violence and sexist discrimination
- damage to property
- terrorism and radicalisation.

The aim is to provider safer transport to our passengers and guarantee the operation of services. This consequently contributes to make transport networks more attractive, always with the goal of creating customer loyalty and attracting new passengers.

Security risks, particularly related to terrorism, are included in the Groupe Keolis S.A. mapping of risks. It was also deemed appropriate to include them in the group corporate social responsibility strategy.

Keolis is implementing its security strategy on its networks via people mechanisms or dissuasive (video) techniques to make passenger journeys more enjoyable and through the development of active prevention policies to reduce risks and make these networks more appealing.

A department manager specialised in security risks has been appointed to take these issues into account. Keolis is therefore improving its professionalisation of this business area. This drive is embodied by:

- The replacement of several security department directors or managers on larger networks,
- The creation of a graduate programme under the authority of the Group Security director, in which two young managers are recruited and trained each year (including one graduate dedicated to international activities) at the Institut Keolis in the specifics of public transport,
- The establishment of Group doctrines focused on reducing fare evasion and increasing security, via topic-specific leaflets (France's 'Vigipirate' plan, Operators of Vital Importance),
- The management of this business area occurs through:
  - A quarterly meeting of security managers as part of an ad-hoc committee to cover technical and legal monitoring and to keep knowledge up-to-date
  - Management of a digital community
  - Network audits
  - Revision of guidelines in France and creation of such guidelines internationally for operating performance indicators and efficiency indicators of measures taken.

This Security policy applies within the framework of the following doctrine: 'prevention whenever possible, repression whenever necessary'.

Fighting and preventing fare evasion

Authorised and accredited ticket inspectors are present on Keolis transport networks to guide passengers, dissuade fare evasion and punish any use of transport without a ticket or the right type of ticket. In addition, they can fine antisocial behaviour that occurs within the framework of transport regulations (smoking in a station, putting feet on seats, parking that disturbs operation, inadvertent activation of alarms, etc.). Their presence prevents fare evasion and dissuades acts of delinquency. They are authorised to intervene during serious events to reduce their impact and assist victims.

Fighting and preventing petty crime (antisocial and violent behaviour)

The involvement of institutional partners (Police Nationale, Police Municipale, gendarmerie, Regional Public Finance Department, high court, prison integration and probation department) or non-institutional partners (associations involved in conflict mediation or that address addictions such as to drugs, or that assist people in precarious situations to find their place in the community/workplace) alongside company personnel reduces the likelihood of acts that may harm passengers, employees or the continued operation of services.
Agreements are in place all over France to set the conditions of coordination. The number of agreements shows the momentum and motivation for collective participation.
Thirty-seven agreements have been signed by the French subsidiaries. The networks have also taken part in several meetings of monitoring units such as 'Local security and delinquency prevention contracts', 'Metropolitan security and delinquency prevention contracts', or 'Local security contracts in transport'. This strengthens their role in the different bodies that are active in favour of metropolitan policy.

In 2018, 862 offences against passengers and 194 offences against employees were recorded.

In a different measure, Keolis contributed to preventing reoffenders by taking part in inclusion actions for the benefit of 146 people via a community service project in association with the prison integration and probation department. Development of unpaid projects is envisaged for 2019.
In Lille, the first internal security service was set up (36 employees and 90 members from private security firms) in compliance with the stipulations of Article L2261-1 of the French Transport Code. The members are approved by the Conseil National des Activités Privées de Sécurité. Its role is to carry out missions to prevent acts of antisocial behaviour and malevolence, and to help victims.

Fighting sexually-motivated violence and sexist discrimination

Outside France, in addition to the need to set up actions to improve the safety of women in public transport, we are seeing greater cultural awareness of this issue in certain countries, such as India or the United Kingdom.
In France, specific measures to combat violence against women were put in place in all networks in 2017. These initiatives drew public attention after these crimes were deemed a major national issue in France.
The government plan has been integrated and involves three focal points:
- Communication about these crimes is one of the main measures chosen to dissuade potential perpetrators and inform potential victims of the risks. These campaigns also intend to remind people that everyone is concerned, especially witnesses of these acts. In France, 14 networks have started communication campaigns on the issue.
- Looking after victims (several large specialised charity networks have been contacted to draw up a framework agreement, including 'France Victimes')
- Raising employee awareness through appropriate training/information.

Out of the 21 actions carried out in subsidiaries in 2018, best practices implemented include exploratory walks or trips, exclusive-access transport services or on-demand stops.

Protection of physical property and continuity of public transport service

Damage to property on 13 French networks (throwing stones, arson, break-in and graffiti on trains, theft of security equipment, etc.) amounted to over €5.8 million.
The physical property protection strategy is combined with a 'logical property' (cyber protection) strategy which covers the application of directives on the protection of data but also information systems against intrusions, defacing of websites, predation of data or any act of malevolence by hackers. A 'cyber risk' unit meets on a quarterly basis to assess measures taken, assess the resilience of the information systems and get feedback on cyber-attacks that have occurred (wanacry, etc.). Audits are conducted by the group RSSI (manager of information systems security) on the French networks that have information systems qualified as vitally important (SIIV) within the meaning of the national security department (Lille, Lyon, Rennes and Bordeaux – being developed) under the control of the ANSSI (national agency for information system security).

Fight against terrorism and radicalisation

Keolis has developed a crisis management approach consisting of a crisis unit and a crisis management process. Classroom training sessions are organised on this topic for managers in subsidiaries and Group directors taking part in the Group's 'on-call' system. These employees also have access to an e-learning module.
Learning material, including a practical guide to fight radicalisation, written by the group Security Department, as well as leaflets on the position of the French government's 'Vigipirate' plan applying to public transport, a sector of vital importance (SAIV) under the plan, have been shared by the HR Department and the Security Department to all managers. Training initiatives have been undertaken in French subsidiaries to contribute to sharing information on this issue and to ensure people remain vigilant.
An ad hoc module has been incorporated into the initial and ongoing training course for new managers and new directors in France.

Agreements have been signed by French networks (Lille, Bordeaux) to carry out exercises with the RAID intervention units. Some networks have adopted the audit approach to reduce terrorist risks for their high-traffic sites (Lille Flandres station for the ILEVIA network).

Three online training modules were delivered at the end of 2018 on the:
- Act of 22 March 2016 (known as the 'Savary Act') relating to preventing and fighting anti-social behaviour, attacks on public security and acts of terrorism in public passenger transport
- Decree of 3 May 2016 relating to security and rules of conduct in railway or guided transport and some other forms of public transport
- New travelling policy for employees abroad to ensure their health and safety and clarify crisis management processes.

2.4.3. Accessibility

When a public transport authority selects Keolis to operate its public transport network, it entrusts Keolis with much more than just the management of vehicles and infrastructure. It also assigns a public service mission to the Group. Keolis perceives this role as being at the service of all potential passengers and providing them with equal access to its transport networks. This ambition, which is part of its corporate social responsibility commitments, implies that mobility needs to be reinvented to take into consideration all situations of disadvantage, whether permanent or temporary, which anyone could face one day.

To meet this challenge, Keolis makes universal accessibility a permanent requirement and a reflex for each of its employees.

In June 2018, Keolis signed its accessibility policy in which it commits to:
- raise employees' awareness to the issues of accessibility,
- change the way disability is viewed;
- support public transport authorities via its experts, spread all over France;
- convince local government that the purpose of this approach is to enable everyone to get around, smoothly and simply, every day;
- share best practices within Keolis but also with our sub-contractors and suppliers.

To support the deployment of this policy across the Keolis Group, the, 'Accessibility and Transport for People with Reduced Mobility' community was launched in October 2018 on the Group's collaborative online platform. This is used to exchange documents, information, best practices, etc.

The Cap'Handéo label, launched in 2016 in partnership with Handéo, deals with the five types of disability: hearing, sight, motor, intellectual and mental. It is issued by an independent expert to public transport networks that offer adapted services to people with disability. The sole purpose of this approach is to enable everyone to get around, smoothly and simply, every day. After the first certification was awarded to Keolis Montargis in 2017, Keolis continued its commitment via its partnership with Handéo. Keolis PMR Rhône and Keolis Caen Mobilités subsequently received the certification in 2018. Keolis is now the first transport operator to hold a Handéo certification for passenger accessibility. The aim is to increase the number of subsidiaries bearing this certification.

For Keolis Caen Mobilités, this labelling for the Twisto network and service rewards an approach it began in October 2017. In fact, major network upgrades forced the tram to stop working from 1 January 2018 until 2019. To ensure universal accessibility during and after the work, the corporate project called Wikeo was launched and supported by all employees in the subsidiary. Cross-function work within the company allowed different departments to work together and find solutions to everyday obstacles. For example, to facilitate the use of vehicle access ramps by drivers, maintenance employees now add visible instructions on-board on how to use the ramps, specific to each type of vehicle. Combined with raising awareness of drivers and with very regular maintenance, this initiative has enabled the systematic use of ramps when required. To raise awareness of all employees in the subsidiary, specific training called 'live my life' was implemented with a common section on the perception of disability and adapted to the different roles of each employee. This training programme, developed for Keolis Caen Mobilités, was added to the Keolis Institute catalogue in 2018, so that all the French-speaking subsidiaries of Keolis can benefit from it. In addition to professional training, this session gives employees the skills to adapt their behaviour with customers, but also in their everyday life, with their entourage, when they meet someone with a disability.
The label was awarded in September 2018 in the presence of France's inter-ministerial representative for accessibility. Keolis continues to work with local associations to offer a service that meets the concerns and expectations of all citizens.

Communication and information are two major vectors that make transport more accessible. In 2018, Keolis Caen Mobilités and Keolis Mobilité Paris opened a call centre staffed by experienced operators qualified in sign language, real-time transcription of the spoken word and cued speech. This service, available to all French subsidiaries, is offered by Elioz, a company with which Keolis signed a framework agreement in 2017.

In 2018, the city of Lyon was named as the most accessible European city. Keolis is proud of taking part in receiving this award, notably thanks to the dedicated services Optibus and Optiguide, which received the Handéo certification in 2018, which allow PRM customers to gain autonomy and abandon private vehicles in favour of public transport.

Outside France, Keolis continues to deploy similar initiatives to offer better access to disadvantaged passengers, such as those available in the Netherlands. Instruction videos for disadvantaged employees and passengers have been made. They show the initiatives implemented to make the bus more accessible. These films are disseminated on internal media screens, in buses, in service shops and on social media. Keolis Nederland has also set up a flexible transport offer called 'Twente Flex'. It is used in 65% of cases by disadvantaged people who can travel by themselves. This service was developed to facilitate these journeys with dedicated employees and services.

2.4.4. Customer experience

Under the impact of a fast-changing public transport market – increasingly individual and flexible solutions for proactive citizens – Keolis is repositioning itself within its profession and asserting its status as an operator and integrator of all forms of everyday transport. To do this, it provides teams all over the world with the 'Thinking like a passenger' system. Designed with and for the subsidiaries, this programme makes it possible to design and manage transport networks adapted to the specific characteristics of each community and which meet the individual needs of each citizen. This tangible and collaborative programme is based on three concrete promises and elements of proof: Collective Design, Smart Choices and Richer Experience.

In 2018, KeoPulse, the global barometer on Passenger Experience, was conducted on 20,000 people on 13 of our networks, by MV2, between 25 June and 11 July 2018.

Collective Design

In 2018, the objectives are to acknowledge individuals in the crowd, co-construct tomorrow's mobility and listen to passengers in real time.
Keolis' subsidiaries engage with everyone who experiences public transport on a daily basis: passengers, employees, partners and Public Transport Authorities. The networks and services are designed with them, to meet the needs of each community and its residents.

Collective Design promise consists of the following research studies:

- Research conducted by Ipsos, and with the support of Netexplo, on 6,500 people in 37 urban areas in the world, from July – August 2018.
- The 'City Heart' survey launched in March 2015 on five French urban areas by AMP Conseil from May-June 2018.
- A study conducted by Kantar on 5,000 people aged over 15 living in the Greater Paris region and in large, medium and small French towns and cities in other French regions, in the final quarter of 2018.

To design an efficient transport service and encourage the mobility of people, Keolis makes a point of acting upstream, observing individuals behind the passenger flows. To do this, it conducts national and local research studies, called Keoscopie, examining passenger lifestyles and travel habits to gain a better understanding of the needs of each passenger in each community. This continuous observation is an educational tool on which Keolis draws to highlight the suitability of its proposals and thus enlist support for change.
With Keoscopie, Keolis serves as a partner for public transport authorities to face the challenges of transforming mobility in their region.
In 2018, with Netexplo & IPSOS, Keolis launched a detailed survey, not only on the way in which citizens use digital services, but also their lifestyles and their travelling and mobility habits and the use of new mobility solutions. Over 6,500 meetings in 37 towns in Australia, China, the Middle East, India, Europe, the United States, Canada and South America took place. It was the largest study of this kind ever undertaken by Keolis.
The international teams now have a concrete tool for engaging with public transport authorities and other local stakeholders, by showing the added value Keolis provides on a range of topics including customer experience, knowledge of the customer, digital technology, stimulation of use and network design.
The figures are accompanied with operational recommendations that the entities can assimilate and present to their public transport authorities. This way, the latter have a better understanding of the mobility behaviour and habits of the individuals in their region.

As part of the French government plan, Cœur de Ville (City Heart), launched in March 2018 and concerning 222 French towns, Keolis launched a vast qualitative study on five urban areas to have a better understanding of the needs, expectations and lifestyles of citizens. The main target of this study were people who do not easily have access to a car in medium-sized urban areas (the 20 to 30% of households without cars; the 20% of households made up of two adults but with one car; teenagers and young adults, students or not; people aged over 75, etc.). This study was followed by a survey on 1,000 people living in these towns. The results of this work were shared internally to help adapt certain recommendations.

A study conducted on 5,000 people aged over 15 living in Greater Paris and in large, medium and small French towns and cities in the other French regions assessed, for the same individual, the degree of irregularity in their journeys. Regardless of whether they are employed, students or young people, or retired (irrespective of age), daily patterns no longer really exist, as journeys can be very different from one day to the next and from one week to the next.
Continuing with this work to identify who the people really are who use a service, this traffic analysis is useful for determining the infrastructure required to cater for these new travel habits.

In addition to these three major studies conducted in 2018, Keolis continually draws on a range of studies and initatives.

We are also experiencing a period of demographic change with a society of people living longer and with lifestyles that are very different to those of 10 years ago. Today in France, there are more people aged over 75 than the total number of secondary school students. In some regions, there are two to three times more. Retired people no longer make up one and the same category: generational effect, state of health/vulnerability or physical dependence, integration in the social fabric, mental health, etc. are all criteria which qualify this population category.
Thanks to progress in medicine, more and more people are living with long-term illnesses (10.4 million French citizens), most of which are not visible.

Qualitative studies with sociologists and surveys have helped us to understand these invisible vulnerabilities which are often hidden and therefore not understood: age-related macular degeneration (AMD), diabetes, cardiac diseases, hearing problems, fear of falling, extreme fatigue, etc. These vulnerabilities have consequences on mobility – or non-mobility – strategies. Training sessions are being developed (Keolis Lyon is the test network) to raise awareness and to search solutions in a spirit of universal service design.

In 2018, Keolis was a pioneering partner with the consultancy Missions Publiques to promote workshops to test the reactions of citizens to autonomous vehicles. Five public transport authorities, including Rennes Métropole, and other large companies (Airbus and Allianz, for example), took part in this research. Nearly 500 people shared their impressions on the topic.

Keolis Lille wants to be part of an innovative and collaborative approach by involving start-ups from the Hauts-de-France region through a call for projects: Mobilidées, launched for the first time in 2016.
Winners benefit from the support of Keolis Lille and Keolis in terms of project management with its experts and digital services, levers to co-finance the prototype via Keolis and its partners, and access to business data and solutions.
The aims of this call for projects are to propose innovations to produce a ground-breaking situation considering strategy, digital media and initiatives already undertaken such as mobile services with the PlanBookTicket and Pass Pass Easy Card applications.
This year's winning project is Moodi, an application that was launched in 2018. Its aim is to collect passengers' opinions and contribute to continuous improvement of the service. It allows passengers to express, in real-time, an opinion on their journeys. To do this, the passenger is geolocated on the Moodi application; they can then add the emoji that best expresses their state of mind: smile, neutral face, grimace or wow. The opinion is qualified out of five categories (information, punctuality, comfort, cleanliness and conviviality). A comment or photo can also be added. All 'Moods' are then saved and displayed on a network map that all users can consult. In this way, they can find out the mood at the stops they frequent and change their journey accordingly.
At the end of December 2018, after two and a half months of use, Moodi had recorded 1,226 downloads and 2,432 moods, of which 54% were good moods and 46% were discontent.
Keolis Lille thus encourages co-design and positions itself as a player that is attentive to its passengers.

Smart Choices

In order to satisfy residents in each community, Keolis has developed unique expertise in designing transport service offers. This expertise can lead to the transformation of a transport network to make it both more efficient and more attractive to customers. This method is based on observing the customer and on a wide range of diagnostic tools developed by Keolis which offer an in-depth analysis of the existing service offer and of the region's specific characteristics.

Designing integrated, multimodal networks

Keolis positions itself as a global mobility operator, integrating new forms of mobility in addition to traditional ones: bike, tourist vehicle with driver, carpooling, car sharing, etc.
The benefits of this approach are many. For the public transport authority, the same operator manages consistency between the different means of transport and proposes a varied and constant service offer, providing maximum coverage of the region. For the passenger, this means greater choice and simplicity (single mobile app, combined subscriptions).

Multimodal and integrated networks, like in Bordeaux, where the TBM (Transports de Bordeaux Métropole) network proposes numerous complementary modes:

- Bus
- Trams
- Bike-share (10 bike shelters, bike park at the station with 700 spaces)
- River shuttles
- Park & ride (over 6,000 spaces close to bus and tram lines).

Some services are offered in partnership, such as the carpooling offer with Boogi, which puts drivers and passengers in contact for short trips, in connection with the TBM network, or car sharing with Citiz (cars at stations) and Yea! (free-floating vehicles, without terminals or dedicated spaces, but on street parking areas).
The network is designed with transport services that work in harmony and are linked in transport hubs, in order to optimise solutions to passengers looking for routes and service times, etc. The TBM network is also designed in relation with other forms of regional transport: combined subscriptions allow passengers to enjoy attractive prices, for example with the Regional Express Transport (TER) or the TransGironde coaches. In addition to these service offers, in November 2018 Keolis Bordeaux Métropole set up a real-time on-demand transport service, called Ke'Op, serving three peripheral communes.

Results: over the first 11 months in 2018, usage rates and income increased in the Bordeaux network:
- + 10.3% patronage year-on-year
- + 9.6% ticket revenue.

Every passenger at some point requires assistance to get directions, find a departure time or buy their ticket. Keolis responds to this expectation by providing and mastering the entire service chain (both digital and human) on all channels. As human contact is the preferred channel for a great many passengers who are unfamiliar with digital technology, Keolis attaches considerable importance to the presence of its teams and to the quality of customer contact demonstrated by its drivers and its employees in stations.

The bank card as a ticket: Open Payment

Dijon is the first French city to have fitted its buses and trams with contactless validation terminal system, called Open Payment.
Open Payment allows passengers (tourists, occasional or regular users who have forgotten their ticket) to pay and validate their trip directly on-board with their contactless payment card or their smartphone, regardless of their bank.
Open Payment also allows users to avoid queues at ticket machines, in stations, or avoid buying a ticket from a bus driver, which is sometimes more expensive. Passengers are guaranteed to always pay the best price for their journey, without having to present paper proof during an inspection. The open payment system applies current price rules for standard travel tickets. From the third validated trip, the rate of a day PASS is applied, along with a threshold, which then allows an unlimited number of journeys in the same day. During ticket checks, the inspector simply validates the payment card or smartphone on the terminal. To view previous journeys or print a receipt, the passenger just needs to go to the dedicated website, create an account and enter their bank card number. The web page is secure in compliance with banking standards and none of the data related to the payment card is stored by DiviaMobilités.
The system was set up first on trams in the Dijon network. Contactless payment on buses, initially planned for 2019, was brought forward and has been in place since October 2018 to quickly meet passengers' growing needs and facilitate access to the DiviaMobilités public transport network, both for residents and occasional passengers and visitors. Since it was launched, the service has posted excellent results, largely surpassing the targets set. In fact, over 240,000 journeys were made using a contactless payment card (compared to the 30,000 initially forecast), by 46,000 different passengers.

Success of the M-ticket

Following the initial success in Montargis, M-Ticket, the digital transport ticket solution developed by Keolis, was introduced on the Orléans network in June 2018. For passengers, this involves a unique mobility experience that enables them to manage every step of their journey on their smartphone, from finding routes to buying and validating their ticket. This innovation currently makes Keolis the only operator in France to propose a fully digital customer journey for everyday mobility services.

Richer Experience

Beyond the service offer, being able to count on accessible, reliable, comfortable, clean and welcoming transport is a key factor to win passengers' trust.
Keolis believes that service quality has three purposes:
- Obtain passenger loyalty by showing them every day that they matter;
- Act as a partner to the local authority by delivering on commitments and improving service;
- Instil a 'customer mind-set' at the centre of the firm and the desire for progress.

By capitalising upon the trust of our passengers and on our gestures of consideration for our customers, Keolis continues to develop more opportunities to contribute to the high points of cities' calendars and to their economic and cultural vitality. The objective is also to make good use of the time spent in transport and make it enjoyable. Keolis strives to support and promote actions, projects or events in regions and cities, and draws attention to them through partnerships or communications campaigns.

Creating ritualised customer service gestures

The key factors for the success of this approach are co-development and engagement from management to meet customers' expectations as closely as possible. This project is important because it is differentiating and rewarding for employees, the public transport authority and passengers. It places the customer at the centre of the approach.
For Keolis, a 'customer-centric' corporate culture is essential for the performance of a daily mobility service. Thanks to the Keolis Signature Service (KSS) approach, customers and employees of the DLR network in London together identified ways to improve customer relations. So, to improve passenger information, the network has introduced service gestures and attitudes, such as giving drivers the opportunity to have their say, especially in situations of disturbance.

The KSS approach was launched in spring 2017 by way of co-development meetings involving passenger customers, the Public Transport Authority and employees in contact with passengers. The first training sessions for employees in contact with passengers began in autumn 2017 to be gradually rolled out, with different events starting in 2018.

Offering new ways to experience the city

After taking over network operation in April 2017, Keolis Côte Basque-Adour put in place a number of special arrangements across the transport network as part of the 2018 'Fêtes de Bayonne' festival. This included an improved 24/7 service with access for passengers with reduced mobility, internal support and strong commitment in terms of safety and security, a customer service hub close to the event, coordination with all event stakeholders, and dedicated information and communication. All these initiatives were made possible by Keolis thanks to many years of experience in continuous implementation and adjustment.
For the local transport authority, the success of the event once again demonstrated the importance of the transport policy, impacting residents but also many tourists. Passengers were supported in their journeys safely, day and night, over these five days. Out of the 800,000 to 1 million participants (in total) who attended this major special event, nearly 190,000 trips were made with the Chronoplus network, making public transport the preferred mode of travel for festival-goers.
The organisation was effective and efficient thanks to the co-ordination and involvement of everyone concerned: all employees at Keolis Côte Basque-Adour (operating, marketing, maintenance etc.), local government as well as law-enforcement bodies. This successful operation shows the expertise of Keolis in accompanying a major national event.

For the first time, Keolis conducted a satisfaction survey among passengers of the largest networks it operates in 13 cities: Bordeaux, Boston, Dijon, Hyderabad, Lille, London, Lyon, Manchester, Melbourne, Nottingham, Orleans, Rennes and Stockholm.
It was conducted on 20,000 regular and non-regular passengers travelling on one of the four main modes of urban transport operated by Keolis: metro, tram, bus and train. It took place simultaneously on the 13 networks at the start of summer 2018.

2018 data	2017 data	2016 data	Indicator
92%	-	-	*Passenger satisfaction rate*

Taking all forms of transport into account, 92% of the passengers questioned said they were satisfied with the networks operated by Keolis. This score even reached 96% for metro passengers. 94% of passengers would recommend the networks operated by Keolis to their family and friends for getting around the area. These high levels of satisfaction and recommendation are accompanied by equally high scores for many key elements of the journey experience:

- Access to information concerning their journeys (92% satisfaction rate for the metro and 85% for the bus and tram)
- Confidence in the network's reliability (95% for metro, 87% for bus, 85% for tram and 73% for train)
- Passengers' sense of security (85% to 89% depending on the mode).

These results reward Keolis' efforts to satisfy passengers on their networks and to offer them a pleasant journey experience, thanks to the Group's 'Thinking like a passenger' philosophy.

2.5. Commitment for our EMPLOYEES:

2.5.1. Health and Safety in the Workplace

The safety policy is directly linked to the values of Keolis: 'We care', 'We imagine' and 'We commit'.

It describes the:
- vision of Keolis, with 'Zero Harm' or 'Zero accident' being our goal,
- scope – passengers and third parties, safety of employees and partners,
- delegation – necessary for managers and employees in the field,
- 10 workstreams that structure the Keolis safety guidelines applied by all entities, in a continuous improvement approach.

Health and safety of employees is a major issue for Keolis that requires commitment from line managers and vigilance at every level of the company regarding the risk situations encountered and measures applied to avoid all risks of accident.
The policy for health and safety in the workplace concerns all employees, who must look after their own safety as well as that of their colleagues, customers and any other person in their professional environment, on their journey or whilst on duty.

Preventive actions undertaken locally by all Keolis entities aim to reduce the risk of accidents.

In Denmark, for example, the new tram network that started operation in 2018 in the town of Aarhus introduced an automatic alcohol test for drivers before they can obtain their worksheet. Once identified at the tram terminus, they must blow into a breathalyser to print their worksheet for the day. The network of Lyon, France, also received the approval of over 25 managers and the employee representative bodies for the introduction of random drug and alcohol testing for employees. Finally, control post operators in Hyderabad, India, also need to verify their physical condition before each service.

Following the survey conducted in 2017 on the causes and circumstances of accidents that occurred in France, a programme to reduce the number and duration of accidents was developed. It includes four priority areas which aim to achieve a reduction by 2021 of indirect costs brought about by and related to accident situations.

The areas concern the following topics:
- Development of a safety culture at every level of the company,
- Reduction of accidents linked to behaviour and more particularly in operation and fare evasion control, which represent most situations,
- Implementation of processes, technology and innovation to reduce risks,
- Validation of workplace accidents and claims against responsible third parties.

The first point involving development of the safety culture was the topic of an assessment of practices and a benchmark by Dekra Insight, which carried out a diagnostic on Keolis Dijon and Courriers d'Iles de France networks. This assessment and the approach taken by the Keolis Downer Gold Coast network are some of the practices leading to the establishment of a structured approach. The deployment of 'Rules that save', which gives employees safety principles to follow at all times, was introduced to the Keolis Commuter Service network in Boston, United States.

2018 data	2017 data	2016 data	Indicator
42.30 (France)	46.06 (France)	44.21 (France)	*Frequency rate of workplace accidents*
28.50 (Group)			
4.61 (France)	4.49 (France)	4.29 (France)	*Severity rate of workplace accidents*
2.72 (Group)			
1	-	-	*Number of deceased employees due to a workplace accident (excluding home-work journey)*

The difference between France and international can be explained as follows:

- social rules related to workplace accidents,
- higher exposure to risks of violence in France, which represent 30% of the workplace accident situations in urban areas,
- a weaker safety culture in France than in the other countries, mainly linked to lack of education about the risks and dangers.

To reduce workplace accidents in France, improvements need to be made in the way in which each of these situations is managed. To facilitate the recording, analysis and management of workplace accidents, a digital tool was deployed in all subsidiaries in France. 120 people have been trained in its use, with the goal being to involve them in the quality of the statement and follow-up of related actions. The tool's features will be extended in 2019, notably with a risk management module.

The corporate programme set to take place between 2019 and 2021 includes an approach to change the safety culture and behaviour.

The death of an employee in Lyon following electrocution during work on an overhead line of a trolley bus route shows just how essential it is to assess risks and verify practices. Management of the electrical risk in guided transport activities is constantly assessed to guarantee the safety of employees and sub-contractors.

The reduction in the number of accidents measured in 2018 is encouraging and shows the importance of maintaining and further developing practices of all teams in their everyday activities.

2.5.2. Diversity and Inclusion

In all its business areas and subsidiaries, Keolis deploys policies with the aim of reinforcing its commitment to display no discriminatory behaviour in terms of gender, origin, age, disability, sexual orientation, etc.

Indeed, Keolis considers that stereotypes are the main obstacle to integration. The Diversity and Inclusion policy of Keolis is based on this principle of non-discrimination. The purpose of this policy is to give each person the opportunity to obtain a job and to develop their career within the company in line with their skills.

The subsidiaries have a tool to measure their level of maturity on Diversity, developed by Keolis and implemented as part of the continuous improvement programme, KeoLife.

Combatting discrimination

Keolis tools are provided to subsidiaries in France and the world to enrich their action plans in terms of combatting discrimination.

In 2018, Keolis revised its anti-discrimination guide for recruitment in French subsidiaries.

In terms of training, an online module called 'Vivre Ensemble La Diversité' ('Living together with diversity') was deployed in six subsidiaries applying for Gender Equality certification. It will be more widely disseminated in 2019 in seven of the countries in which Keolis operates (France, Norway, Belgium, United Kingdom, Sweden, Germany and the Netherlands).
Local training initiatives are also implemented by the subsidiaries. For example, Keolis Amey Docklands, in the United Kingdom, trained all its employees in gender equality and diversity in 2018.
In France, Keolis continues to develop partnerships with organisations such as Pôle Emploi, local task offices or the Sameth-Cap Emploi network to employ people for whom access to employment is more difficult.
Keolis also works with regional units specialised in re-training employees seeking a career change, the Ministry of Defence and the national police force, with the aim of providing new opportunities to people over the age of 50 and people seeking a career change.

Gender equality

2018 data	2017 data	2016 data	Indicator	
20.09%	19.83%	-	Keolis S.A. and subsidiaries	Percentage of women in the total workforce *by country*
22.32%	22.24%	-	France	
12.23%	12.35%	-	Sweden	
16.95%	16.78%	-	Australia	
26.09%	24.49%	-	United States	
15.64%	13.50%	-	Belgium	
16.33%	16.81%	-	Denmark	
16.50%	15.69%	-	Netherlands	
16.90%	16.53%	-	UK	
26.69%	26.73%	-	Canada	
20.84%	19.81%	-	Germany	
8.84%	10.18%	-	India	
31.06%	30.30%	-	Norway	
37.24%	35.90%	-	France	Percentage of female managers in the total number of managerial employees in France
23.06%	24.30%	-	International	Percentage of female managers in the total number of managerial employees internationally
17.83%	17.50%	-	Groupe Keolis S.A.	Percentage of women in the total number of drivers/transport employees
19.64%	19.50 %	-	France	
15.51%	14,80 %	-	International	

Keolis has been carrying out actions in gender equality for over 10 years.

In 2018, Keolis defined six specific commitments in this matter:
- Encourage recruitment of women in so-called ‘masculine’ professions and vice-versa
- Facilitate the employability of women working for Keolis
- Guarantee fair rules in the professional career of women
- Contribute to changing the way women are considered in the areas of public transport and associated professions
- Develop local partnerships
- Improve consideration for work-life balance.

Since 2016, Keolis has been accompanying its subsidiaries to obtain the Gender European Equality and International Standard (GEEIS) which is awarded to companies which undertake action to promote gender equality. Additionally, Keolis is the first transport group to obtain this recognition.
In 2018, three countries were audited by an independent expert: Canada, United States and France. Keolis now has nine countries with this certification. Thus, 75% of employees work in a country with a gender equality certification.
To further support this development, in 2018 Keolis implemented a certification deployment kit, which includes instructions, a standardised action plan and a presentation template for the audit. These shared tools are aimed at harmonising the practices of subsidiaries and encouraging the sharing of experience.
In parallel, the subsidiaries continued to implement actions in favour of gender equality in the Group.
In 2018, Keolis Rail Services Virginia (United States) and Keolis Grand River (Canada) trained all employees in the prevention of harassment.

Keolis Downer – Yarra Trams (Australia) carried out an initiative to raise awareness of unintentional bias and their potential impact on recruitment decisions to relevant teams.

In 2018, Keolis Hyderabad (India) organised self-defence workshops for its female employees. This action is part of a global employee safety policy, particularly for women. In addition, to encouraging women to work, actions in terms of work-life balance are being implemented. A company day-care centre is available for employees with children between 3 months and 9 years of age.

Keolis ensures that it enforces equal pay between men and women across the organisation. In France, category pay grids are applied in all subsidiaries to prevent any risk of inequality between holders of the same job. Studies are regularly conducted to measure the pay gap between men and women.

The group also promotes its commitments to gender equality outside the company.
Keolis is a founding member of the gender equality think tank Arborus. In 2018, as part of this think-tank, it took part in publishing an international benchmark on the consideration of sexism and violence at work, disseminated on the Internet and to Marlène Schiappa, French Secretary of State for gender equality.
Keolis was also awarded the GEEIS Trophy to recognise its global commitment on the topic.
This year, Keolis shared its objectives and achievements in gender equality with the International Association of Public Transports (IATP), notably by taking part in a dedicated meeting in Germany.
Keolis also renewed its participation in the 'Women in Transport EU Platform for Change' conference initiated by the IATP and organised by the European Commission. Keolis had the opportunity to present its policy and actions in gender equality.

Disability

<table>
<tr><th>2018 data</th><th>2017 data</th><th>2016 data</th><th colspan="2">Indicator</th></tr>
<tr><td>1,554</td><td>1,470</td><td>1,422.79</td><td rowspan="2">France</td><td rowspan="2">Total number of workers with disability</td></tr>
<tr><td colspan="2">In number of employees</td><td>In beneficiary units</td></tr>
</table>

Every subsidiary in France and internationally must comply with its own local legislation in terms of disability.

In 2018, Keolis set up tools to help them implement actions to encourage recruitment and inclusion of people with disability.
In France, a video and four comic strips aimed at raising awareness internally were given to Human Resources managers in subsidiaries. A booklet presenting the policy and another explaining the process for declaring your disability were published.
Outside France, Human Resources managers have access to a booklet presenting Keolis' policy for disability as well as a video raising awareness about the issue.

In 2018, 23 French subsidiaries took part in a digital recruitment forum dedicated to job-seeking workers with disability: Hello Handicap. 82 employment offers were posted by Keolis. The digital platform received 252 applications.

Keolis Lyon signed a disability agreement with its social partners. This agreement led to a complete diagnostic in 2018 and action plans will be implemented in 2019.

This year, Keolis strengthened its partnership with the Paralympic athlete, Arnaud Assoumani. The subsidiaries of Caen, Brest and Saint Malo held an awareness-raising conference for their employees as well as a network accessibility test.
In Australia, Paralympic champion Lindy Hou gave a speech to raise awareness among employees of Keolis Downer and Yarra Trams about disability and to reiterate the importance of public transport being accessible to everyone.
The Australian subsidiary also renewed its PIDD (Person with Intellectual and Development Disabilities) programme in 2018, which has existed since 2015, in partnership with the 'Australian Special Olympics' association. This association encourages people with intellectual disability to do sport. In 2018, three people with Down Syndrome took part in a work placement in the company's general services department.
This programme allows participants to gain a first professional experience, raises the awareness of employees to intellectual disability, and enables people with a disability to join the workforce.
Following the same model, Keolis Montargis in France employs a trainee with an intellectual disability every summer for one month to work at the reception desk.

2.5.3. Employee experience

Employee dialogue and labour relations

The quality of employee dialogue plays an essential role in the success of operations and the deployment of mobility projects for public transport authorities. Keolis subsidiaries have employee representative bodies in accordance with local legislation. However, to foster even more constructive employee dialogue, Keolis provides trade unions in its largest subsidiaries with resources that go beyond those required by law. The structure, prerogatives and obligations of these bodies vary greatly from one country to the next, depending on nationally applicable legislation.

In France, the management of each subsidiary chairs these representative bodies and can negotiate company-wide agreements with the subsidiary's trade union delegates. In view of new rulings that were published on 22 September 2017, all French subsidiaries must have established a Social and Economic Committee (CSE) no later than 31 December 2019; this is an important modification to the structure of French employee dialogue because in companies with over 50 employees, there will now be just one body instead of the historical three (one CSE instead of a works council, employee representatives and committees for health, safety and working conditions). Keolis began this social project as soon as the legal texts were published, and 35 subsidiaries signed agreements to set up a CSE.
Keolis ensures that all French subsidiaries have the necessary tools for these different representative bodies to operate in optimal conditions. It regularly contributes to topics that may have an impact on the road and urban transport sectors and provides updates on the legal environment through regular meetings and a two-monthly employee newsletter.

Keolis has an agreement concerning the functioning of its European Works Council. It brings together employee representatives from all the European countries in which Keolis operates (the number of union representatives is proportionate to the actual country workforce). The European Works Council meets twice a year and currently comprises 15 members of six different nationalities. Based on a jointly written agenda, debates mainly revolve around the economic and financial situation of Keolis, its strategic orientations and corporate social responsibility.
The operating costs of Keolis' European Works Council amounted to €103,000 in 2018.

2018 data	2017 data	2016 data	Indicator	
98%	-	-	*Groupe Keolis S.A.*	*Rate of cover of employees by an Employee Representative Body*

Starting in 2019, Keolis will measure the percentage of employees for which the provisions implemented exceed legal or regulatory obligations.

Skills and career management

Keolis' training policies aim to maintain the employability of workers in their position and to fulfil regulatory requirements, particularly in the area of safety. Beyond this, Keolis provides substantial training resources to support its employees in dealing with the changes underway in the mobility sector (digital, new mobility, energy transition, etc.) and further its strategic development objectives. Training helps employees to develop at every stage of their career path. In 2018, 3.93% of payroll was invested in training, representing more than three times the French legal obligation.
Keolis commits to developing the skills of each employee according to their area of expertise to foster their career development, facilitate internal mobility and master key skills for Keolis' growth. Training has therefore been designed according to a logical career path and is aimed at all managerial and non-managerial employees. In 2018, two new programmes were deployed for the Management Boards of Keolis subsidiaries: one on contract management and the other on crisis management. As mentioned in part 2.2 'Fair business practices', deployment of the training module on anti-corruption also continued.

Keolis also continued to develop its graduate courses designed to recruit and train future young managers in different specialities (operations, marketing, guided modes, maintenance, safety and fare evasion). These courses, lasting one year, include practical training on transport and time spent in the subsidiaries to give them the opportunity to become familiar with the professions and activities of the company. In 2018, Keolis welcomed 33 new graduates, representing a 10% increase on 2017.

Keolis intends to accelerate the reinforcement of the company culture, the development of a common level of expertise in all countries in which it operates, and the support provided in setting up in new markets.
In 2018, Keolis launched an online training portal with a range of foundation training courses available as soon as a new employee starts: presentation of Keolis, regulatory framework for mobility, office tools, etc.

Furthermore, to accompany the digital transformation strategy, at the end of 2017 Keolis launched a wide-ranging programme to help people become accustomed to digital technology, targeted at all Keolis employees. This is the first time that this type of programme addressing all employees has been deployed in a transport operator. Thanks to this programme, nearly 10,000 employees achieved their 'digital passport' in 2018.

2018 data	2017 data	2016 data	Indicator	
1,497,289	1,321,701*	1,021,132	Groupe Keolis S.A.	Total number of training hours
39,466	37,418*	34,118	Groupe Keolis S.A.	Number of employees having received training
63%	*63%*	*60%*	*Groupe Keolis S.A.*	*% of employees having received training*

*The number of employees who received training and the total number of training hours in 2017 have been updated to incorporate data from Keolis Sverige (Sweden).

In 2018, Institut Keolis trained 1,460 people, delivering the equivalent of 11,276 hours on safety and environment topics.

Wellbeing at work

Keolis holds a strong belief: operational performance and successful projects closely rely on strong commitment from its employees and their wellbeing.
These factors of attractivity and retention are key components of its employer brand and should help Keolis stand out when addressing local authorities as part of new contract bids or contract renewals.

With this in mind, the KeoPeople approach has been under development since the end of 2018. As an integral part of the Keolife corporate programme, it aims to ensure that the Group values – 'We imagine', 'We care', 'We commit' (see §1.1 Business model) – are implemented in the different operating entities, in practices and in managerial attitudes.

Keolis has also set itself the objective of systematically conducting surveys on employees as of 2020 in each subsidiary.
In 2018, based on surveys conducted in 10 subsidiaries, an analysis was conducted to identify the right techniques for administrating these surveys and the type of questions to be asked. The latter varies from one country to another, but broadly include commitment, quality of life at work, wellbeing and psycho-social risks and satisfaction. A common base of questions needs to be established to achieve a Group-wide measurement.

Deployment of this approach could be measured via the percentage of employees covered by a survey. This indicator will be defined at the end of 2019.

2018 data	2017 data	2016 data	Indicator	
5.88%	6.03	5.88	Groupe Keolis S.A.	Rate of absence for sick leave

Absenteeism is an issue monitored locally by each Keolis subsidiary. In addition to local action plans, the Group has defined, via its corporate continuous improvement programme, common areas for progress to ensure the rate of absence is kept under control and guarantee the wellbeing of employees. Time has been spent better defining the roles and responsibilities of local managers and developing their skills. The regular monitoring of employee absences has also become one of their tasks.

2.6. Commitment for the ENVIRONMENT

By its definition, public passenger transport is a more environmentally-friendly alternative to solo driving. To reinforce this fact, a certain degree of exemplarity is expected from operators, by elected representatives and by citizens.
Controlling the environmental impact of its activities has been identified as a major commitment in the social responsibility strategy of Groupe Keolis S.A.

Environmental risks have been included in Keolis' mapping of risks, which is updated at least once a year by the audit and internal control department.

The Environment policy of Groupe Keolis S.A. refers to six commitments and is applicable to all its activities (operations, maintenance, business activities and administration):

- Conform with its obligations to comply with regulatory requirements and other contractual or voluntary commitments towards its stakeholders;
- Protect the environment by controlling the environmental impact of its activities and preventing pollution;
- Engage in a dynamic movement of continuous improvement;
- Improve energy efficiency;
- Increase the waste recovery rate;
- Control water consumption.

The last three commitments have been taken from environmental analyses of operating subsidiaries with ISO 14001 certification. Depending on the local context, other environmental risks may appear as significant (example: soil pollution, noise, floods, drought, etc.). The subsidiaries with ISO 14001 certification must regularly update their environmental analysis.

The environment approach of Groupe Keolis S.A. applies to all its activities and is included in the continuous improvement programme, KeoLife. It is managed by the Department of Health, Safety, Environment and Social Responsibility, which organises the network of environmental experts of Groupe Keolis S.A.'s subsidiaries.

A simple self-diagnosis is provided to all operating subsidiaries in which Groupe Keolis S.A. holds a majority share. It specifically highlights major environmental impacts: energy, waste and water. Local risks are identified and monitored by the subsidiaries.
In addition, the activities with ISO 14001 certification undergo internal controls and audits, the frequency of which is defined by the Entities. The subsidiaries concerned are audited each year by an independent expert, or at least every three years (depending on sampling rules).

At Keolis, while accident management mainly targets the safety of people, it also covers major and catastrophic accident situations that may harm the environment. Furthermore, the Keolis Ethic Line whistleblowing system set up to meet the obligations of the Sapin 2 law (see part 2.2 'Fair business practices'), also enables the recording of any serious harm to the environment.

2018 data	2017 data	2016 data	Indicator
25,555	21,673	18,693	Number of employees under ISO14001 certification
42%	36.3%*	32.9%	Percentage of employees under ISO14001 certification

The increase in the percentage of employees covered by ISO 14001 certification is explained by the expansion of the scope of certification for several subsidiaries and the incorporation of new subsidiaries.

2.6.1. Energy / Climate

Energy consumption is the main environmental impact of our activities. Improving our energy efficiency is therefore one of the objectives of Group Keolis S.A.'s environment policy.

The Groupe Keolis S.A. Energy approach is managed by the Department of Health, Safety, Environment and Social Responsibility. An Energy committee meets regularly, made up of representatives of Groupe Keolis S.A. departments concerned. It monitors the management of the approaches and the progress of actions implemented.
In 2018, a plan to prioritise energy saving actions was sent to all Groupe Keolis S.A. subsidiaries. This tool was developed together with 14 subsidiaries from five different countries. It allows subsidiaries to establish their own action plan in terms of energy saving by identifying actions to implement and prioritising their local deployment.

Groupe Keolis S.A. is working in three main areas:

Improvement of behaviour

Eco-driving remains a major contributor to reducing the fuel consumption of vehicles. Simulator training increases the awareness of bus, coach and tram drivers of the benefits of eco-driving. In the same vein, 3,533 vehicles operated by the Group are already equipped with an eco-driving assistant.
In addition, Groupe Keolis S.A. advocates raising drivers' awareness of eco-actions, such as turning off the engine when at a stop or parking zone.

Measuring and controlling the energy efficiency of entrusted assets

The environmental approach of Groupe Keolis S.A. includes as a minimum the monitoring and control of the energy consumption for buildings and commercial vehicle traction.
Actions may be implemented locally, such as optimising the schedule of metros/trams, changing lighting on buildings and on rolling stock, installing solar panels or switching off stations when they are not in use. These are some of the initiatives proposed in the energy action plan launched in 2018.

2018 data	2017 data	2016 data	Indicator
4,460,561,033	4,049,808,224	3,892,929,328	Traction energy consumption for commercial vehicle fleets (in kWh)
319,482,414	273,427,403	257,359,157	Energy consumption of company facilities (in kWh)
4,780,043,447	4,323,235,627	4,150,288,485	Total energy use in kWh

In addition to a wider consolidation scope in 2018, the increase in energy use of the facilities is explained by the winter climate which led to a 20% increased use of natural gas for heating.

In 2018, the Group's energy use represented 4.9 kWh per km travelled, compared to 5 kWh/km travelled in 2017. There is a slight improvement of energy efficiency due to a threshold effect with the incorporation of a greater number of subsidiaries with inter-urban activity.

Supporting public transport authorities in their efforts to improve the environmental performance of fleets and/or renovate buildings

Group Keolis S.A. deploys its public transport authority support approach taking into consideration the changing legal environment and its safety culture. Keolis analyses and designs the most suitable service in connection with the existing service offer and the limitations imposed by each contract. It deploys its services while supporting the public transport authority and passengers, then capitalises on lessons learned to share its experience with other contracting authorities and improve service.
For several years, Keolis has invested in a range of solutions to reduce the environmental impacts of its activities, often as a fore-runner in the field. The solutions implemented are tailored to the local context and the fleet: alternative energies, particle filters, recovery systems or energy saving systems.
Group Keolis S.A. is particularly active in this field, leveraging the entire range of alternative energies: biodiesel, bioethanol, biogas, diester, CNG, electricity, LPG and hybrid fuel. As at the end of 2018, Keolis operated 3,487 vehicles running on alternative energy. It can be noted that many actions that were started in 2018 aim to improve the percentage of vehicles using alternative energies in future.

Keolis is continuing its actions in this field through active technological intelligence with manufacturers and equipment suppliers to identify and possibly develop solutions to optimise the environmental performance of the vehicle fleet.

In addition to technological innovations, Keolis provides its operational know-how. It therefore advises and guides its public transport authority clients on traffic layout, with for example the introduction of designated right-of-way, priority at traffic lights or slowing down at intersections. All these initiatives help contribute to energy transition.

Although buildings consume far less energy than the vehicles operated, Keolis also implements actions to optimise the energy use of different items: heating, air conditioning, domestic hot water production, lighting and other (ventilation, pumps) as well as machines, tools and air compressors.

Greenhouse gases emissions produced by Groupe Keolis S.A. activities are proportional to the energy consumption of commercial vehicles, the leading source of emissions, and to energy use by buildings (heating, lighting). The emission factors used mainly come from the French carbon base and the International Energy Agency. Full details of these factors are available on request from communication@keolis.com .

The task of measuring and reducing GHG emissions are mainly carried out by subsidiaries either on a voluntary basis or in compliance with regulations. This is because reduction action plans must be defined and assessed locally, mainly due to the quantity and variety of contracts, and types of network operated.

2018 data	2017 data	2016 data	Indicator
1,303,751	1,139,955*	1,089,407*	GHG emissions from commercial transport in TCO_2e
104,793	75,073*	66,150*	GHG emissions from company facilities in TCO_2e
1,408,546	1,215,027*	1,155,557*	Total GHG emissions

The increase in greenhouse gas emissions is largely due to the incorporation of Keolis Hyderabad in the consolidation scope. This is because the electricity emission factor in India is very carbon-based.
The percentage of electric rail activity was twice as much compared to diesel rail traction in 2017, therefore the energy efficiency of this mode improves by nearly 19% in kWh/km travelled and carbon efficiency by 17% in gCo_2e/km travelled.

In 2018, the Group's GHG emissions represent 1,452g Co_2e/km travelled, compared to 1,414g Co_2e/km travelled in 2017.

These emissions represent 0.01% of global Co_2 emissions from worldwide transport energy use, considering all forms of transport (road, air, water and other), as provided by the International Energy Agency.

2.6.2. Waste

The Environment policy of Groupe Keolis S.A. has three specific goals, one of which is to increase its waste recovery rate. To this end, the Health, Safety, Environment and Social Responsibility Department provides Groupe Keolis S.A. subsidiaries with specific tools to help them improve their waste management.
They determine rules for sorting, recycling or eliminating waste depending on their local context (regulations in force, systems available nearby).

2018 data	2017 data	2016 data	Indicator
6,184	5,812*	4,473*	Tonnes of hazardous waste produced
3,557	3,189*	2,075*	Of which hydrocarbon sludge
9,351	7,782*	7,927	Tonnes of non-hazardous waste produced
69%	67%*	70%	Percentage of recovered hazardous waste
60%	58%*	53%*	Percentage of recovered non-hazardous waste

The increase in quantities of waste produced is mainly due to the increased consolidation scope in 2018.

2.6.3. Water

Controlling water consumption is one of the three specific objectives of the Environment policy of Groupe Keolis S.A.

Locally, Groupe Keolis S.A. subsidiaries use drinking water as well as recycled and/or rain water to wash vehicles. Thus, in 2018, 117 facilities were equipped with a recycled water vehicle washing system and 106 with a rainwater collection system.

2018 data	2017 data	2016 data	Indicator
1,250,998	1,083,282	719,684	Total water consumption in m^3

The increase in the scope of subsidiaries consolidated in 2018 partly explains the increase in water use by Keolis. On a like-for-like basis, water consumption rose by 2% between 2017 and 2018, mainly due to leaks observed on several sites. Water consumption for the upkeep of tram lines represents 40% of Keolis' water use.

In 2018, the volume of water consumed by the Group amounted to 1.29 litres per km

2.7. Commitment for COMMUNITIES

In the different countries in which Keolis operates, subsidiaries are committed to enhancing the economic and social development of their region.

Keolis has incorporated an 'Actor within the community' chapter into its corporate continuous improvement programme.
Its aim is to standardise practices by allowing each subsidiary to build its own binding and reasoned partnership strategy. The main guidelines of these strategies are shared by Keolis and its subsidiaries: be consistent with the 'Konformité' programme (see 2.2 'Fair business practices'), allow each subsidiary to build its own approach and allow Keolis to promote (internally and externally) the subsidiaries' partnership actions.

Groupe Keolis S.A. started up a partnership in 2015 with Biom Work to enable subsidiaries to measure their contribution to sustainable development in the region in the areas of employment, public services and environmental conservation. The result is expressed as a percentage of the revenue redistributed over the region. Nine Groupe Keolis S.A. subsidiaries took part in this assessment. The result is that on average, 70% of the revenue of these French subsidiaries is acknowledged as being of public utility.

In 2016, Keolis joined the SNCF Foundation for a four-year period. For Keolis' subsidiaries, the SNCF Foundation is a new lever to support actions by local structures or associations in one of the following three areas: solidarity, education and culture.

2.7.1. Solidarity

Since 2010, Keolis takes part in the annual awards programme known as 'Actions for solidarity' (Coups de coeur solidaires). These awards have been organised since 2016 under the aegis of the SNCF Foundation, and enable Keolis to shine a light on the commitment of its employees to associations working to support disadvantaged or underprivileged people. The relevance and eligibility of submissions are assessed according to the following criteria: the target audience, social and partnership dimensions, viability and originality, and the creation of social bonds. The jury, comprising members of different Keolis business departments, convened in May and decided to reward the voluntary work of ten employees who had submitted their entry this year:

- Four associations presented by employees of Keolis Angers: *Marie Rêves Espoir*, which organises theme-based days for seriously ill children and their families; Association François Aupetit - afa Crohn RCH France, which give teenagers with chronic inflammatory bowel disease (IBD) the chance to take part in dedicated events; ASPC Tennis, which organises a wheelchair tournament; and Esca'l-Adapei49, which allows disabled and able-bodied children to take part in leisure activities together on Wednesdays and during school holidays.
- The *Accorderie Agenaise* association, supported by an employee of Keolis Agen, which set up a service exchange system between individuals, using time as currency. This system is accessible to everyone and strengthens support, encourages social diversity and improves the quality of life of the participants by allowing them to develop their ability to act.
- Two associations supported by employees of Keolis Lille: *Un grand oui pour Louis*, which kitted out a team including a disabled child with adapted sports equipment and *Lille BCSMP*, which works to improve and maintain the physical, mental and social condition of disadvantaged people through basketball.
- The *UniR Universités & Réfugié.e.s* association, which accompanies refugees and asylum seekers, represented by an employee from Keolis' head office.
- Two other associations proposing actions based on sport: *ASAC*, presented by an employee of Keolis Châtellerault, which encourages the inclusion of disabled athletes in mainstream sports structures; and *CAM Bordeaux Omnisport*, fencing section, supported by an employee of Keolis Bordeaux Métropole, which organises a championship of France in disabled fencing for athletes in wheelchairs and with visual impairment.
- The *L'envol* association, represented by an employee of Keolis Pays Nanceien, which proposes to renovate vehicles providing access to inclusion projects by people with disability or in a disadvantaged situation.
- The *Art'O* association for its project which consists in using animal mediation to maintain motor, mind and intellectual capacities of elderly people in nursing homes and thus encourage their social ties, in a relaxing and friendly context. This association is supported by an employee of Keolis Monts Jura.
- The *7 collines* association, presented by an employee of the South-West regional department, which organises meetings to promote social cohesion (residents of nursing homes, young residents in sheltered housing, etc.) based on renovating the village's medieval castle.
- The *chaîne de l'espoir* association, supported by an employee of Keolis Lyon, which transports sick children for operations in France.

These associations received grants from the SNCF Foundation to help to conduct their initiatives and projects aimed at disadvantaged members of the population.

2.7.2. Education

Groupe Keolis S.A. raises awareness among its future passengers and the citizens of tomorrow:
- by speaking in primary, secondary and high schools,
- by organising class visits to depots,
- by contributing to awareness initiatives or publications.

There are several aims to these actions:
- improve knowledge about public transport,
- increase awareness about fighting fare evasion and antisocial behaviour,
- highlighting public transport as a way of reducing a region's impact on the environment.

2018 data	2017 data	2016 data	Indicator
95,431	59,122	64,155	Number of students covered by an awareness initiative

The large increase in the number of students covered by an awareness initiative can be largely explained by a proactive approach led by Keolis Lyon, which increased the number of students concerned in that region by 89%. Likewise, Keolis Bordeaux Métropole continues to carry out awareness-raising initiatives with young people, with in 2018 an additional intervention at the ice rink which reached out to 2,500 students in one hit. In addition, the interest generated by the work of Keolis Sverige in Sweden increased the number of students covered by an awareness initiative by 35% between 2017 and 2018. Safety campaigns were also carried out by regional French subsidiaries.

2.7.3. Culture

Keolis supports local initiatives that aim to encourage access to and dissemination of culture. Thus, several French subsidiaries deployed the 'First Chapter' tool available on smartphone, showing proposals from local libraries. Users have free access to the first chapter of a selection of books, which they can read at their stop, in their bus or metro. Then, if they want, they can reserve the book directly via the application and borrow it from the library.
In August 2018, Londoners and tourists visiting the capital were able to enjoy the DLR Discovery experience (Docklands Light Railway operated by KeolisAmey) within the framework of a guided tour between two of the most emblematic destinations in London: Tower Gateway and Cutty Sark. This guided tour of the East of London was led by a qualified guide who provided information on the most famous sites in this part of the city. After the journey, customers were able to continue the visit on foot for 30 minutes in the centre of the historical district of Greenwich, a UNESCO World Heritage Site. This cultural initiative was the first on the TfL (Transport for London) network.

Keolis regularly takes part in local cultural events, such as Keolis Quimper which organised a radio programme on board a bus during a concert in February 2018, or Keolis Amey Metrolink in Manchester which took part in the 'Bee in the city' exhibition by sponsoring a work of art exhibited at the Deansgate-Castlefield tram stop in summer 2018.

2.8. Sustainable procurement

The Purchasing Charter defines the general principles relating to purchasing in Keolis and sets out rules regarding ethics and behaviour applicable to all internal and external actors involved in the Purchasing process. All employees acting on behalf of Keolis or one of its subsidiaries must be familiar with, comply with and promote its principles in the interests of fairness and transparency.
In accordance with Group Keolis S.A.'s CSR commitments, all employees involved in purchasing must promote sustainable development with their business partners. This means passing on these concerns to suppliers and sub-contractors, encouraging suppliers to develop a social and environmental progress plan, and ensuring they comply with national laws, regulations and international agreements concerning the protection of individuals (employees, sub-contractors, product or service users) and the environment.

The Keolis purchasing policy concerns mainly:
- **operating excellence**
- **internationalisation**
- **economic performance.**

This policy is part of a Sustainable Purchasing policy based on four main focuses defined in relation with the Corporate Social Responsibility strategy and the different policies of Keolis:

- **Business ethics:** ensure compliance with the regulatory framework and business ethics (free competition, equal treatment, transparency of relations, anti-corruption and anti-money laundering).
- **Control of CSR risks in purchasing:** reinforce the purchasing process for better consideration of CSR risks in purchasing.
- **Supplier assessment:** assess suppliers on the issues of CSR in terms of regulatory compliance, safety, the environment, human rights and fundamental freedoms, and in terms of factoring in the product life cycle in the total cost of ownership (TCO).
- **Local establishment:** encourage local economy and proximity relations (relations with SMEs and very small companies, the social and supportive economy and consideration of local issues).

Keolis includes analysis criteria relating to CSR when it draws up certain sets of purchasing specifications and notably concerning products identified as being major risks in the CSR Purchasing risk matrix. For these products, the criteria are validated with prescribers and the department in charge of CSR (e.g. purchase of tyres, electricity, fuel, etc.).

Specific attention is paid to the product life-cycle in terms of energy consumption, the circular economy (recycling, reuse and waste processing) and risk of pollution. There are also several specific clauses relating to waste processing and care for the environment written into framework agreements on sensitive products (vehicle manufacturers, batteries, tyres, lubricants, etc.). Product selection considers various labels and certifications.
The purchasing policy and the purchasing charter reinforce the importance of a total cost approach, transparency in relations, equal treatment of suppliers and the reduction of mutual dependence risks and monopoly risks.

For several years, at the request of internal prescribers, multiple supplier listings have been drawn up in line with the Group's internal policies and that consider social issues in terms of environmental, social, safety and health impacts. The Group Purchasing Department ensures that social issues are considered in the product listing and services selected for Group framework agreements. In addition, to achieve better control of supplier risk and as part of regulations on undeclared labour, Keolis has introduced an online supplier monitoring solution to collect documents and monitor their updates throughout the duration of contracts (taxation and welfare contributions, detailed list of foreign workers, etc.).

For significant purchasing lines in terms of subsidiary expenditure and which are conducted locally, the Keolis Purchasing Department proposes subsidiaries specific purchasing kits (like a guide) containing recommendations relating to Social Responsibility.

Furthermore, following the entry into force of laws on the duty of care and the fight against corruption (known as the Sapin 2 Act), the Keolis Purchasing Department, in association with other departments (Legal, Internal Audit, Health, Safety, Environment & Social Responsibility and Human Resources) has mandated an external service provider (Ecovadis) to draw up a CSR mapping of risks related specifically to purchasing.
Initially, it was established for France. This scope represents €1 billion in expenditure and 15,000 active suppliers. In addition to purchasing-related risks, Ecovadis' evaluation method assesses risks related to Environment, Safety, Human Rights and fundamental freedoms. The results of the map have led to the identification of high-risk purchasing families for which prevention and mitigation actions must be implemented. Keolis is working on reinforcing its purchasing process by defining rules to assess suppliers in the selection phase and by including clauses linked to CSR in contracts. In parallel, the Purchasing Department is reflecting on how to implement a solution to assess its suppliers in a monitoring phase.

In 2018, a Sustainable Purchasing committee was formed, bringing together buyers and CSR experts from the head office and subsidiaries to:

- Share up-to-date information in terms of sustainable development
- Give visibility to current sustainable Purchasing projects
- Identify topics upstream in relation with Groupe Keolis S.A.'s CSR issues
- Communicate on sustainable procurement indicators
- Share feedback from subsidiaries.

Regarding the social and supportive economy (SSE), Keolis is a partner of the Handeco association (see 2.3 'Dialogue with our public transport authorities and other stakeholders'). This partnership gives French subsidiaries access to information on players in the sheltered and adapted work sector, to an online directory of companies and a dedicated purchasing platform on which requests for proposals can be posted.
In addition, Keolis has subscribed to UBizz, a tool (web platform) that provides better visibility of companies contacted and consolidates the collection of Beneficiary Units in France (a measure linked to French legislation regulating this sector). Furthermore, temporary employment companies under framework agreements also promote disability and access to work by offering, whenever possible, assignments to people out of work. In 2018, 25,460 hours were dedicated to these activities.

In 2018, Groupe Keolis S.A. thereby spent approximately €14 million on purchases from organisations working in the social and supportive economy (SSE) in France:

2018 data	2017 data	2016 data	Indicator
14,022,237	22,275,902	-	*Total purchases made from SSE (France, in euros)*

The variation from one year to the next may be due to the complexity of identifying suppliers from the Social and Supportive Economy as such. We only publish information when the status of the organisations concerned is clearly identified. In 2018, over half of revenue was generated from professional inclusion organisations (insertion companies, temporary employment integration companies and charities).
The variation between 2017 and 2018 can mainly be explained by the reallocation of part of the mediation budget to safety, in line with local issues.

On a local level, several subsidiaries enforce environmental specifications on their sub-contractors (such as Keolis Bordeaux Métropole and Keolis Rennes for the upkeep of green spaces and freighting).

3 ■ CONCLUSION AND OUTLOOK

In 2018, in accordance with new legal requirements*, Groupe Keolis S.A. updated its mapping of risks relating to Corporate Social Responsibility.
The exercise was carried out jointly by several group departments to benefit from different perspectives and expertise and ensure that the results are properly incorporated into the risk management work currently underway. The combination of internal and external stakeholders enabled the orientations taken by Keolis to be confirmed and revealed new topics in the Corporate Social Responsibility strategy.

The next update of Keolis' continuous improvement programme, KeoLife, will more formally include the Environmental impact concerning climate change, and risks related to human rights and fundamental liberties.
In 2019, it is planned to continue work on Purchasing, notably with the start of deployment of supplier assessment procedures. The Keolis Ethic Line whistleblowing system will gradually be deployed in the counties in which Keolis operates.

*(Law no. 2017-399 of 27 March 2018 on the duty of care of parent companies and contracting companies, and decree no. 2017-1265 of 9 August 2017 taken as application of the ordinance no. 2017-1180 of 19 July 2017 relating to the disclosure of non-financial information by certain large companies and groups).

4 ■ METHODE

The list provided in point 4.3 gives definitions for each set of quantitative data and the reporting scope when smaller than that stated in point 4.2.

New quantitative data that has been added appears in italics in the list below. The data for these items is only available for 2018.

Some items of data published in the 2017 Groupe Keolis S.A. financial report and reproduced in this publication have been adjusted to account for corrections/additions supplied after the publication of last year's report. These are indicated in the rest of this publication by an asterisk appended to the updated figure. Where relevant, significant differences are explained in the main text.

Quantitative data frequently appears alongside information of a qualitative nature to provide additional details as to the applicable policy and/or the variation between years Y and Y-1.

When specific themes appearing in article L225-102-1 of the French Commercial code are not considered relevant, an explanation is provided for this in part 1.3 'Materiality of issues'.

4.1. Correlation with regulatory obligations and international reference frames

2018 is the fifth consecutive year in which non-financial data is published in the Keolis S.A. financial report. The entity concerned is Keolis S.A., a non-listed company for which the balance sheet total or net revenue is more than €100 million and in which the average number of permanent employees throughout the financial year exceeds 500.

To cater to the expectations of our stakeholders, this statement of non-financial performance also incorporates the principles of the international standard GRI (Global Reporting Initiative) G4, first level 'In accordance – core'.

Keolis signed the United Nations Global Compact in 2004. It reinforced its commitment in 2018 by joining the 'GC advanced' club, the highest reporting level of the initiative. The responses to the 21 criteria required by the Global Compact reference frame are included in this publication, which now represents our communication on progress.

This statement of non-financial performance also complies with law No. 2017-399 of 27 March 2017 on the duty of care of parent companies and contracting companies. Thus, the expected duty of care plan is included in this publication. Keolis consists of over 300 subsidiaries and participations in 16 countries. As the law pertaining to the duty of care applies to contracting companies, only the subsidiaries in which Groupe Keolis S.A. is a majority shareholder are concerned.

A table illustrating the correlation between this publication and the various guidelines can be obtained on request from communication@keolis.com.

4.2. Scope and period

Non-financial data is consolidated on the same scope as Keolis S.A.'s financial data (excluding EFFIA S.A. and Keolis Santé, which are consolidated in GROUPE KEOLIS S.A.S. and excluding Technical Assistance contracts and subsidiaries in which Keolis is not the majority shareholder). This reporting scope is referred to hereafter as 'Groupe Keolis S.A.'. Qualitative data may cover a wider scope than consolidated quantitative data; this scope is referred to hereafter as 'Keolis'.

The reference period for employment and social data is the calendar year, from 1 January to 31 December and concerns the entire Groupe Keolis S.A. workforce.

The reference period for environmental data is the also calendar year, from 1 January to 31 December. If this is not the case, rules for estimation or consolidation on a deferred timescale are proposed to subsidiaries in the set of indicators.

In 2017, environmental data was calculated from data covering 85% of Groupe Keolis S.A. employees, represented by 98 subsidiaries. In 2018, it covers 88% of Groupe Keolis S.A. employees represented by 119 subsidiaries. The list of subsidiaries covered may be obtained on request from communication@keolis.com.

Quantitative information is supplied for the last three calendar years, from 1 January to 31 December 2016, 2017 and 2018.

4.3. List of quantitative information, performance indicators and definitions

This list is provided in order of appearance of the said indicators in the previous chapters of this statement of non-financial performance.
Indicators published for the first time appear in italics.

Workforce: Workforce registered at 31 December.

Breakdown of workforce by geographical zone: Breakdown by country of workforce registered at 31 December.

Percentage of closed professional alerts falling within the scope of KEL alert: *Percentage of alerts received in compliance with the criteria defined in the Keolis Ethic Line whistleblowing system that were processed and for which a decision was made by the KEL Committee (France)*

Percentage of processed professional alerts falling within the scope of KEL alert: *Percentage of alerts received in compliance with the criteria defined in the Keolis Ethic Line whistleblowing system that were processed and for which a decision was made, or is awaiting a decision by the KEL Committee (France)*

Percentage of revenue covered by an ethics whistleblowing system: *Percentage of revenue of subsidiaries that have set up a whistleblowing system, KEL or another local tool.*

Number of deceased passengers due to accidents: *Number of people killed when using passenger transport services provided by Groupe Keolis S.A. due to an operational accident (regardless of the responsibility of the company).*

Number of deceased third parties due to accidents: *Number of people killed in an accident with passenger transport services provided by Groupe Keolis S.A. due to an operational accident, regardless of the responsibility of the company and regardless of whether the situation could have been avoided.*

Passenger satisfaction rate: *Proportion of passengers who declare their satisfaction with transport services.*

Frequency rate of workplace accidents: Frequency of workplace accidents declared per quarter leading to at least one day of leave. This rate represents the average number of workplace accidents leading to leave by a group of employees having worked one million hours over the relevant period. NB: this rate includes violent behaviour. It does not account for all ongoing dispute proceedings.

Severity rate of workplace accidents: Severity of accidents. Calculated by assessing the total number of leave days due to workplace accidents, excluding the day of the accident itself. This represents the number of days compensated for 1,000 hours worked, in other words the number of days lost due to temporary invalidity for 1,000 hours worked

Number of deceased employees due to a workplace accident (excluding home-work journey): Number of Groupe Keolis S.A. employees killed in a workplace accident while working on its behalf, regardless of the responsibility of the company and regardless of whether the situation could have been avoided.

Percentage of women in the total workforce: Percentage of women registered in the total workforce of Groupe Keolis S.A. and breakdown by country.
Percentage of female managers in the total number of managerial employees in France: Percentage of female managers in the total number of managers in France

Percentage of female managers in the total number of managerial employees internationally: Percentage of female managers in the total number of managers internationally (excluding France).

Percentage of women in total number of drivers/transport employees: Percentage of female driver employees in the total number of drivers/transport employees in Groupe Keolis S.A.

Total number of workers with a disability (number of employees - France): Number of workers with a disability registered as at 31 December, listed as part of the mandatory annual declaration of the employment of workers with a disability submitted to the Agefiph in France.

Rate of cover of employees by an Employee Representative Body: *Percentage of employees with the possibility of being represented by an Employee Representative Body, as defined as such in the country of operation of the subsidiary concerned.*

Total number of training hours: Total number of hours of training undertaken by employees.

Total number of employees having received training: Total number of employees who followed at least one training course during the year

Rate of absence for sick leave: Number of hours of absence due to sickness/number of hours worked, expressed proportionately to the entry and departure dates of the employee (part-time work on health grounds included).

Number of employees under ISO14001 certification: Number of employees registered in the workforce at 31 December exercising an ISO 14001 certified activity (i.e. the number of employees concerned by the area of application assessed by the certification body).

Percentage of employees under ISO14001 certification : Percentage of employees exercising an ISO 14001 certified activity as a proportion of the total Groupe Keolis S.A. workforce.

Traction energy consumption for commercial vehicle fleets (in kWh): Quantity of energy purchased within the framework of commercial services (dead mileage included), expressed in kilowatt hours (kWh). The vehicles concerned are those operated/owned by the company used for commercial services, on behalf of others (passengers, public transport authorities, other transport providers, corporate customers). The indicator incorporates all means of transport (bus, coach, metro, tram, trolleybus and train).

Energy consumption of company facilities (in kWh): Quantity of energy consumed or purchased on the sites, excluding traction energy, expressed in tonnes of oil equivalent (TOE).

GHG emissions from commercial transport and company facilities: Greenhouse Gases emitted by the corresponding use of energy, expressed in tonnes of CO_2 equivalent.

Total quantity of hazardous waste: Tonnage of hazardous waste produced over the year in question, regardless of the type of processing. Hazardous waste is waste defined as such in the regulations applicable to the production site.

Quantity of hydrocarbon sludge: Tonnage of waste from hydrocarbon/water separators

Total quantity of non-hazardous waste: Tonnage of non-hazardous waste produced over the year in question, regardless of the type of processing. Non-hazardous waste is waste defined as such in the regulations applicable to the production site.

Percentage of recovered hazardous waste: Percentage of hazardous waste recovered over the year in question, regardless of the type of processing. Recovery is a type of waste processing operation defined as such in the regulations applicable to the production site.

Percentage of recovered non-hazardous waste: Percentage of non-hazardous waste recovered over the year in question, regardless of the type of processing. Recovery is a type of waste processing activity defined as such in the regulations applicable to the production site.

Total water consumption (in m^3): Volume of drinking water purchased by the subsidiary over the period in question, charged to buildings, processes, and maintenance of tracks (including planted tram lines).

Number of students covered by an awareness initiative: Number of students covered by an awareness initiative in a school carried out by one or several employees from the subsidiary concerned.

Total purchases made from SSE (France): Total purchases made over the year from organisations working in the social and supportive economy ('économie social et solidaire'), expressed in euros excluding VAT.

D APPENDIX 3

TABLE OF EARNINGS FOR THE PAST FIVE FINANCIAL YEARS

(Arts. 133, 135 and 148 of the Commercial Companies Decree)

	2018	2017	2016	2015	2014
1 - Capital at end of period					
a) Share capital	**412,832,676**	412,832,676	346,851,276	46,851,276	46,851,276
b) Number of ordinary shares outstanding	**34,402,723**	34,402,723	28,904,273	3,904,273	3,904,273
c) Number of future shares to be created					
- by conversion of bonds	-	-	-	-	-
- through the exercise of subscription rights	-	-	-	-	-
2 - Transactions and earnings for the period					
a) Share capital	**213,017,821**	206,126,031	200,348,991	196,787,773	186,836,372
b) Earnings before tax, profit sharing, depreciation and provisions	**25,281,903**	24,876,154	(8,566,084)	13,568,616	14,909,693
c) Tax (tax credit) on profits	**(13,245,548)**	(18,017,119)	(17,212,644)	(15,388,189)	(15,845,019)
d) Employee profit sharing for the year	-	-	-	-	-
e) Earnings after tax, profit sharing, depreciation and provisions	**(2,123,353)**	(70,781,999)	(4,172,555)	37,599,518	25,151,149
f) Distributed earnings	-	-	-	-	19,130,938
3 - Earnings per share					
a) Earnings after tax, but before allocations to depreciation and provisions	**1.12**	1.25	0.30	7.42	7.88
b) Earnings after tax and allocations to depreciation and provisions	**(0.06)**	(2.06)	(0.14)	9.63	6.44
c) Dividend paid on each share (Net dividend)	-	-	-	-	4.90
4 - Staff					
a) Average numbers employed	**1,591**	1,511	1,480	1,408	1,363
b) Payroll	**104,693,079**	105,422,972	98,964,303	92,565,343	90,570,432
c) Amounts paid in welfare benefits (Social Security, company benefits, etc.)	**48,492,894**	48,950,895	45,765,523	43,295,106	42,962,595

2. CONSOLIDATED FINANCIAL STATEMENTS

A KEY FIGURES FOR THE GROUP

(€ million)	Note	**31/12/2018**	31/12/2017
Revenue		**5,624.1**	**5,138.6**
■ Revenue France		2,860.9	2,700.7
■ Revenue International		2,763.2	2,437.8
Revenue net of sub-contracting		5,425.1	4,944.7
Recurring EBITDA	4.4	**311.9**	**259.9**
EBITDA	4.4	**299.9**	**240.7**
Recurring operating profit	4.3	123.5	94.5
Operating profit before investments under equity method		99.1	67.6
Operating profit after investments under equity method		120.7	93.2
Profit after tax from continuing operations		58.5	41.0
Profit attributable to equity shareholders		**49.5**	**39.4**
Total equity		**658.2**	**615.5**
of which attributable to equity shareholders		*589.3*	*553.3*
Net cash flows from operating activities		**258.8**	**147.5**
Industrial investments		**164.4**	**185.2**
Net financial debt (cash surplus) [1]		**89.1**	**246.5**

(1) Cash surpluses are presented in brackets.

B CONSOLIDATED FINANCIAL STATEMENTS

1 ■ INCOME STATEMENT

(€ million)	Note	31/12/2018	31/12/2017
Revenue		**5,624.1**	**5,138.6**
Other income from operations		31.0	21.6
INCOME FROM CONTINUING OPERATIONS		**5,655.1**	**5,160.2**
Sub-contracting		(199.0)	(193.9)
Purchases consumed and external expenses		(1,903.2)	(1,665.5)
Taxes		(24.5)	(15.4)
Staff costs, incentive schemes, profit-sharing	4.1	(3,249.1)	(3,052.1)
Other operating income	4.2	50.8	61.3
Other operating expense		(20.1)	(32.8)
Net provisions on current assets		1.9	(2.0)
Net depreciation and other provisions charged		(197.7)	(172.7)
Profit/(loss) on recurring fixed asset disposals		2.3	(0.1)
Amortisation of grants received		7.0	7.5
RECURRING OPERATING PROFIT		**123.5**	**94.5**
Other non-recurring income	4.3	5.4	11.3
Other non-recurring expense	4.3	(21.4)	(29.6)
Depreciation and provisions on contractual rights	4.3	(8.5)	(8.6)
OPERATING PROFIT/LOSS BEFORE INVESTMENTS UNDER EQUITY METHOD		**99.1**	**67.6**
Profit/(loss) from associates	4.5	21.6	25.6
OPERATING PROFIT/(LOSS) AFTER INVESTMENTS UNDER EQUITY METHOD		**120.7**	**93.2**
Net cost of financial borrowing	4.6	(4.5)	(8.3)
Other financial income	4.6	9.9	5.1
Other financial expense	4.6	(20.0)	**(8.4)**
FINANCIAL INCOME (EXPENSE)		**(14.7)**	**(11.6)**
PROFIT BEFORE TAX		**106.0**	**81.6**
Taxation	4.7	(47.5)	(40.6)
PROFIT FOR THE YEAR		**58.5**	**41.0**
CONSOLIDATED NET PROFIT		**58.5**	**41.0**
Profit attributable to non-controlling interests		(9.1)	(1.7)
PROFIT ATTRIBUTABLE TO GROUP		**49.5**	**39.4**

2 ■ STATEMENT OF COMPREHENSIVE INCOME

(€ million)	**31/12/2018**	31/12/2017
PROFIT FOR THE YEAR	**58.5**	**41.0**
Actuarial gains (losses) on defined benefit pension schemes	6.7	(6.7)
Unrealised gains (losses) relating to the revaluation at fair value of non-consolidated investments	0.1	(6.4)
Tax on actuarial gains (losses) on defined benefit pension schemes	(2.3)	0.9
Share in other items of non-reclassified items of comprehensive income from investments under the equity method	-	-
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	**4.5**	**(12.2)**
Translation differences and others (1)	(9.8)	(6.6)
Unrealised gains (losses)	(14.3)	(0.2)
on financial hedging instruments	*(14.4)*	*(0.2)*
on available-for-sale assets	*0.1*	-
Tax on items that may be reclassified to profit or loss	3.2	0.1
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS	**(20.9)**	**(6.8)**
TOTAL GAINS (LOSSES) RECOGNISED DIRECTLY IN EQUITY	**(16.4)**	**(19.0)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**42.1**	**22.0**
of which attributable to:		
- Equity shareholders	37.1	23.5
- Non-controlling interests	5.0	(1.6)

(1) Mainly comprising the impact of depreciation of the American dollar (-€1.7 million) and the Australian dollar (-€3.0 million) in 2018.

3 ■ STATEMENT OF FINANCIAL POSITION

ASSETS *(€ million)*	Note	**31/12/2018**	31/12/2017
Goodwill	5.1	301.7	287.4
Other intangible assets	5.2	220.9	211.7
Property, plant and equipment	5.3	754.0	770.6
Investments under the equity method	5.4	38.1	36.2
Non-current financial assets	5.5	282.5	285.2
Deferred tax asset	4.7	109.2	105.7
NON-CURRENT ASSETS		**1,706.4**	**1,696.8**
Inventories and work in progress	5.6	124.1	103.2
Trade receivables	5.7	564.8	441.3
Other receivables	5.7	585.7	514.2
Current financial assets	5.5	21.6	19.5
Cash and cash equivalents	5.8	334.9	276.5
CURRENT ASSETS		**1,631.0**	**1,354.6**
TOTAL ASSETS		**3,337.4**	**3,051.5**

LIABILITIES *(€ million)*	Note	**31/12/2018**	31/12/2017
Share capital	5.9	412.8	412.8
Reserves and premiums	5.9	127.0	101.0
Net profit/(loss) attributable to Group	5.9	49.5	39.4
EQUITY ATTRIBUTABLE TO GROUP		**589.3**	**553.3**
Reserves attributable to non-controlling interests		59.9	60.6
Profit for the year attributable to non-controlling interests		9.1	1.7
EQUITY		**658.2**	**615.5**
Non-current provisions	5.13	192.3	190.2
Non-current financial debt	5.10	325.7	394.9
Deferred tax liability	4.7	100.5	102.2
NON-CURRENT LIABILITIES		**618.5**	**687.3**
Current provisions	5.13	50.8	45.9
Current financial debt	5.10	108.4	74.4
Bank borrowings	5.8	198.3	166.9
Trade payables and other liabilities	5.14	1,703.1	1 461.4
CURRENT LIABILITIES		**2,060.7**	**1,748.6**
TOTAL LIABILITIES		**3,337.4**	**3,051.5**

4 ■ STATEMENT OF CHANGES IN EQUITY

(€ million)	Share capital	RESERVES AND OTHER						Total equity
		Reserves	Items that may be reclassified to profit or loss		Other unrealised gains / (losses), net, not re-classifiable to profit or loss	Sub-total		
			Translation differences	Other unrecognised gains / (losses), net				
AT 31 DECEMBER 2016	**346.9**	**189.5**	**(5.4)**	**(0.7)**	**(14.8)**	**168.6**		**515.4**
Attributable to Keolis S.A. shareholders	346.9	143.0	(10.8)	(0.6)	(14.8)	116.8		**463.7**
Attributable to minority shareholders in subsidiaries	-	46.5	5.4	(0.1)	-	51.8		**51.8**
Dividends paid to Keolis S.A. shareholders	-	-	-	-	-	-		**-**
Share capital increase through creation of receivable	66.0	-	-	-	-	-		**66.0**
Other changes	-	0.1	-	-	-	0.1		**0.1**
OPERATIONS ATTRIBUTABLE TO KEOLIS S.A. SHAREHOLDERS (A)	**66.0**	**0.1**	**-**	**-**	**-**	**0.1**		**66.1**
Dividends paid to minority shareholders in subsidiaries	-	(1.6)	-	-	-	(1.6)		**(1.6)**
Capital increase subscribed to by minority shareholders	-	13.5	-	-	-	13.5		**13.5**
Change in shareholdings in subsidiaries leading to gain/loss of control	-	0.9	-	-	-	0.9		**0.9**
Change in shareholdings in subsidiaries without gaining/ losing control	-	(0.6)	-	-	-	(0.6)		**(0.6)**
OPERATIONS ATTRIBUTABLE TO MINORITY SHAREHOLDERS IN SUBSIDIARIES (B)	**-**	**12.1**	**-**	**-**	**-**	**12.1**		**12.1**
Profit for the year	-	41.0	-	-	-	41.0		**41.0**
Gains / (losses) recognised directly in equity	-	-	(6.6)	1.0	(13.5)	(19.1)		**(19.1)**
COMPREHENSIVE INCOME (C)	**-**	**41.0**	**(6.6)**	**1.0**	**(13.5)**	**21.9**		**21.9**
CHANGE IN THE YEAR (A+B+C)	**66.0**	**53.2**	**(6.6)**	**1.0**	**(13.5)**	**34.2**		**100.1**
Attributable to Keolis S.A. shareholders	66.0	39.5	(3.5)	0.9	(13.3)	23.7		**89.6**
Attributable to minority shareholders in subsidiaries	-	13.7	(3.1)	-	(0.2)	10.5		**10.5**
AT 31 DECEMBER 2017	**412.8**	**242.7**	**(12.0)**	**0.3**	**(28.3)**	**202.7**		**615.5**
Attributable to Keolis S.A. shareholders	412.8	182.5	(14.3)	0.4	(28.1)	140.4		**553.3**
Attributable to minority shareholders in subsidiaries	-	60.2	2.3	(0.1)	(0.2)	62.2		**62.2**
Dividends paid to Keolis S.A. shareholders	-	(0.3)	-	-	-	(0.3)		**(0.3)**
Share capital increase through creation of receivable		-	-	-	-	-		**-**
Other changes	-	(0.7)	-	-	-	(0.7)		**(0.7)**
OPERATIONS ATTRIBUTABLE TO KEOLIS S.A.SHAREHOLDERS (A)	**-**	**(1.1)**	**-**	**-**	**-**	**(1.1)**		**(1.1)**
Dividends paid to minority shareholders in subsidiaries	-	(3.1)	-	-	-	(3.1)		**(3.1)**
Capital increase subscribed to by minority shareholders	-	4.8	-	-	-	4.8		**4.8**
Change in shareholdings in subsidiaries leading to gain/loss of control	-	-	-	-	-	-		**-**
Change in shareholdings in subsidiaries without gaining/ losing control	-	-	-	-	-	-		**-**
OPERATIONS ATTRIBUTABLE TO MINORITY SHAREHOLDERS IN SUBSIDIARIES (B)	**-**	**1.7**	**-**	**-**	**-**	**1.7**		**1.7**
Profit for the year	-	58.5	-	-	-	58.5		**58.5**
Gains / (losses) recognised directly in equity	-	-	(9.8)	(11.1)	4.5	(16.4)		**(16.4)**
COMPREHENSIVE INCOME (C)	**-**	**58.5**	**(9.8)**	**(11.1)**	**4.5**	**42.1**		**42.1**
CHANGE IN THE YEAR (A+B+C)	**-**	**59.1**	**(9.8)**	**(11.1)**	**4.5**	**42.7**		**42.7**
Attributable to Keolis S.A. shareholders	-	48.4	(7.9)	(9.0)	4.5	36.0		**36.0**
Attributable to minority shareholders in subsidiaries	-	10.7	(1.9)	(2.1)	-	6.7		**6.7**
AT 31 DECEMBER 2018	**412.8**	**301.9**	**(21.8)**	**(10.8)**	**(23.9)**	**245.4**		**658.2**
Attributable to Keolis S.A. shareholders	412.8	230.9	(22.2)	(8.6)	(23.6)	176.5		**589.3**
Attributable to minority shareholders in subsidiaries	-	70.9	0.4	(2.2)	(0.3)	68.9		**68.9**

5 ■ STATEMENT OF CASH FLOWS

(€ million)	Note	31/12/2018	31/12/2017
Operating profit before investments under equity method		**99.1**	**67.6**
Non-cash items		200.8	173.1
EBITDA	4.4	**299.9**	**240.7**
Elimination of provisions on current assets		(1.9)	2.0
Changes in working capital		(33.4)	(89.9)
Tax paid		(5.8)	(5.3)
A) NET CASH FROM OPERATING ACTIVITIES		**258.8**	**147.5**
Capital expenditure		(164.4)	(185.2)
Proceeds from the sale of tangible and intangible assets		24.0	14.8
Investment grants received		4.4	11.7
Change in financial assets for concessions (IFRIC 12)		85.5	(0.4)
Financial investments		(137.4)	(99.9)
Cash flows on changes in reporting scope		1.2	2.0
Proceeds from disposal of financial assets		20.4	13.9
B) NET CASH FROM INVESTING ACTIVITIES		**(166.3)**	**(242.9)**
FREE CASH FLOW (A + B)		**92.5**	**(95.4)**
Net dividends paid		(3.4)	(1.7)
Net dividends received		21.6	26.8
Change in equity (other transactions with shareholders)		4.7	79.5
New borrowings	5.10	103.6	173.6
Borrowings repaid	5.10	(173.1)	(196.7)
Interest received		3.8	1.1
Interest paid		(8.6)	(9.6)
Change in other financial debts	5.10	0.2	-
Other		(7.8)	(4.4)
C) NET CASH FROM FINANCING ACTIVITIES		**(59.0)**	**68.6**
D) FOREIGN EXCHANGE TRANSLATION DIFFERENCES		**(6.8)**	**(7.4)**
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**26.9**	**(34.2)**
Cash and cash equivalents at beginning of period	5.8	109.6	143.8
Cash and cash equivalents at end of period	5.8	136.5	109.6
CHANGE IN CASH AND CASH EQUIVALENTS		**26.9**	**(34.2)**

C.NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ■ GENERAL INFORMATION

The company Keolis S.A. and its subsidiaries ("the Group") develop transport service solutions tailored to local conditions: automatic metros, trams, trains, buses, coaches, river and sea ferries, self-hire bikes, etc. Keolis exports its multi-modal expertise to 16 countries around the world.

The company Keolis S.A., the Group's holding company, is a société anonyme (public limited company) registered and domiciled in France, with its registered office located at 20/22, rue Le Peletier, 75320 Paris Cedex 09.

The consolidated financial statements of the Group for the financial year ended 31 December 2018 were approved by the Board of Directors on 12 March 2019.

The financial statements of the Group are fully consolidated into those of GROUPE KEOLIS S.A.S. which SNCF fully consolidates.
The consolidated financial statements are prepared in euros, the Group's functional currency, and, unless otherwise stated, are presented in millions of euros .
The Group has chosen not to manage rounding discrepancies; consequently, some small differences may appear.

2 ■ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Accounting guidelines
The Group's consolidated financial statements as at 31 December 2018 have been prepared in accordance with IFRS (standards and interpretations) published by IASB as adopted by the European Union and rendered mandatory from 1st January 2018. They are available at this site: http://ec.europa.eu/commission/index_fr

In the absence of borrowing or equity instruments traded on a regulated market, the Group has chosen not to publish information on earnings per share (IAS 33), or information about operating segments (IFRS 8).

2.2. Changes in accounting principles

Application of standards, amended standards and interpretations that are mandatory as of 1st January 2018

IFRS 15 - Revenue from contracts with customers
The IASB published the standard IFRS 15 "Revenue from contracts with customers" on 28 May 2014 to apply to reporting periods beginning on or after 1 January 2018.
It proposes a single revenue model and replaces standards IAS 11 and IAS 18 and their interpretations.

For its first application on 1 January 2018 the Keolis Group has adopted the simplified retrospective approach permitted by the standard to recognise the transitional impact of the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as at 1 January 2018, without restating prior year results.

At 31 December 2018 there was no identified material impact resulting from the application of IFRS 15.

The revenue of the Keolis Group arises from contracts with customers principally from
- passenger transport from regulated activities
- other activities

The transaction price is composed principally of:
- a fixed fee agreed contractually with the customer.
- variable amounts relating mainly to discounts and reductions granted to customers, penalties and compensation suffered as a result of contractual failures and bonuses or payments linked to performance against contractual objectives.
- complementary services provided to customers are accounted for in revenue as a distinct performance obligation according to the guidelines of IRFS 15.

The guarantees granted to customers are linked to the transport of passengers. They may supply an assurance that the services provided will conform to contractual specifications (such as guarantees of assistance or damage). Any resulting costs are provisioned according to the guidelines of IAS 37. When they relate to a penalty for the non-achievement of a specified performance level, they are recognised as a reduction in revenue as variable compensation in the transaction price (guarantees of punctuality, travel vouchers issued during service disruptions).

The Group recognises revenue in its consolidated accounts from the point at which it takes control of the service to the customer:
- Within the scope of multi-year agreements with Public Transport Authorities, the Group operates a transport service for which the customer is the Public Transport Authority. The service obligation consists of ensuring a continuous access for passengers to the transport services through one or several performance obligations, which may be distinct dependent upon the mode of transport offered. The transaction price is determined either on an annual basis as a function of an estimate of the operating costs and meeting certain contractually defined performance criteria, or on a multi annual basis if the contract has a guarantee of the margin over the duration of the contract. Given the direct link between the parameters determining the remuneration and the expected level of performance in operating the services for the same period, the remuneration received annually is allocated directly to the annual services to which they are related. The transfer of control is thus treated as continuous since the Public Transport Authority gains the benefits of the service in line with the performance of the Group, giving the right to an annual billing and a recognition of the revenue on the same basis.
- In the case of other activities (transport of other travellers) the transfer of control takes place at the time the service is performed. Payment of the transaction price is immediately due when the customer receives the services.

IFRS 9 – Financial Instruments
The standard IFRS 9 – "Financial Instruments" sets out requirements for the classification and measurement of financial instruments, for the depreciation of financial assets for expected losses and for hedge accounting. It replaces the standard IAS 39 "Financial Instruments: Recognition and Measurement" and must be applied to reporting periods beginning on or after 1 January 2018.

The Keolis Group decided to apply phases 1 and 2 of the standard IFRS 9 Financial Instruments in advance on 31 December 2017 and has applied the 3rd phase of the standard since 1 January 2018.
Changes in fair value of the costs of fair value hedging instruments are now recognised in reserves which may be reclassified rather than within the financial result as under IAS 39. The costs of hedging brought within this new accounting treatment are mainly the time value of options.

The application of this change in accounting treatment being prospective, with the exception of options whose time values have not been included within the value of the hedging instruments, no accounting impact has been recorded in respect of the new accounting treatment as at the transition date.

From the date of application of the standard, changes in the time value of options are recorded in equity as items which may be reclassified (subsequently) to profit and loss, and their real cost recognised in profit or loss on a consistent periodic basis over the term of the hedged items (approach – "time period related").

The cost of hedging already recognised in reserves which may be reclassified under IAS 39, amounts to €0.8 million at 31 December 2018.

Standards, amendments to standards and interpretations not subject to early application

The Group has not applied the following standards to its 2018 consolidated accounts:

Standard or interpretation	Summary description	Expected impact	Date of application (annual period starting on or after)
Annual Improvements (2015-2017 cycle) to IFRS	IAS 12 "Income taxes" – An entity should account for all the tax consequences of dividend payments in the same way (§52B deleted and §57A added) IAS 23 "Borrowing costs" – An entity should treat any borrowings made to obtain an asset as part of the funds that it has borrowed generally from the time the asset is ready for its intended use or sale (§14 amended) IFRS 11 "Joint Arrangements" – An entity does not remeasure previously held interests in a joint operation when it obtains joint control (addition to §B33CA) IFRS 3 "Business Combinations" – An entity remeasures previously held interests in a joint operation when it obtains control (addition to §42A)	Currently being measured	IASB: 12/12/2017 EU: Not adopted Group: pending adoption
IFRIC 23 "Uncertainty over income tax treatments"	This new standard deals with uncertainties arising from the assessment of tax treatments within current and deferred taxes. It will permit the clarification of the model of analysis and the recognition of tax risks so as to harmonise practices and financial information.	Currently being measured	IASB: 07/06/2017 EU: 24/10/2018 Group: First application on 01/01/2019
IFRS 16 "Leases"	This new standard concerns the recognition of lease agreements and will replace the current IAS 17 standard. It consists of recognition by lessees of all lease agreements of longer than 1 year as finance leases by recording a fixed asset (right-of-use) offset by a debt under liabilities. Recognition by the lessor remains similar to IAS 17.	Currently being measured Simplified retrospective method adopted	IASB: 13/01/2016 EU: 31/10/2017 Group: First application on 01/01/2019
IFRS 17 "Insurance contracts"	This new standard deals with the accounting principles to be applied to insurance contracts by insurance companies. The standard will allow the harmonisation of the accounting for liabilities of insurance companies	No impact expected	IASB: 01/01/2021 EU: Pending adoption Group: Pending adoption

In connection with IFRS 16, tasks undertaken during the 2018 financial year involved the following:
- putting in place a tool for monitoring and valuing rental contracts following the standard;
- adapting processes and systems for collecting and organising the data;
- driving changes with various stakeholders;
- evaluating the impacts.

On the last point, since the amount of the liability is very dependent upon the assumptions used for the discount rate and on the length of the obligations (options to extend or cancel contracts in advance are built into the calculation of the liability if their activation is judged reasonably certain when the contract is signed), its amount will only be known accurately when these assumptions are fixed. It should be noted that the expected impact on the liabilities of Group Keolis is likely to be more than 1 billion euros.

2.3. Use of Management estimates in the application of the Group's accounting standards

In order to draw up the Group's accounts in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, management must make estimates and assumptions, notably based on ongoing action plans for certain operations, affecting the amounts stated in the financial statements. Management has to revise such estimates in the light of changes in the circumstances on which they were based or further to new information. Management also has to exercise judgement in how accounting methods are applied. As a result, future estimates may be different from those adopted as of 31 December 2018.

The estimates and assumptions primarily concern the lengths of contractual relations, asset impairment tests, deferred tax assets and financial instruments, as well as provisions, in particular provisions for pensions, litigation and losses on contracts and recognition of amounts to be received and penalties to be paid arising from contractual relationships.

Finally, in the absence of standards or interpretations applicable to a specific transaction, Group management must use its best judgement to define and implement accounting methods that provide the most relevant and reliable information, to ensure that the financial statements:

- present a true and fair view of the Group's financial position and cash flows;
- reflect the economic reality of the transactions.

2.4. Accounting principles

2.4.1. General measurement method

The assets and liabilities in the Group's consolidated financial statements are measured and recognised according to various measurement bases authorised by IFRS, primarily the historical cost basis of accounting, with the exception of derivative financial instruments and financial assets held for trading purposes or classified as AFS (available for sale), which are measured at fair value.

2.4.2. Methods of consolidation

Subsidiaries are recognised in the consolidated statements from the date on which control thereof reverted to the Group. They are derecognised from the date on which the Group ceased to control them. The income and expenses of the companies are included in the Group's income statement from the date that control was taken, and up to the date on which the Group lost control.

Fully consolidated subsidiaries

All the Group's subsidiaries are companies it controls directly or indirectly. The Group's consolidated financial statements include the assets, liabilities, income and expenses of these companies. Control exists when Keolis S.A. has power over the entity, is exposed or has rights to variable returns, and has the ability to affect those returns. In ascertaining whether there is control, account is taken of the established rules of governance and the rights held by the other shareholders in order to ensure that they are merely protective in nature. Potential voting rights, whether immediately exercisable or convertible, including those held by another entity, are also analysed to determine those conferring substantive rights in the assessment of power, in accordance with IFRS 10 "Consolidated Financial Statements".

Associates and joint ventures consolidated under the equity method

Entities in which the Group exerts significant influence without exercising control are associates. Significant influence is presumed when the Group holds upwards of 20% of the voting rights. Under the equity method, investments in associates or joint ventures are capitalised in the consolidated balance sheet at their cost of acquisition. The Group's share of income (loss) of associates or joint ventures is recognised in profit or loss, whereas its share of post-acquisition movements in reserves is recognised in reserves. Post-acquisition movements are posted in adjustment to the value of the investment. The Group's share of an associate's or a joint venture's losses is recognised up to the limit of the carrying amount of the investment as well as any possible long-term share. Additional losses are not booked as provisions, unless the Group is legally or implicitly required to support the said associate or joint venture.

Non-controlling investments

A non-controlling investment is the share of interest in a subsidiary which is not directly or indirectly attributable to the parent company. Non-controlling investments are recognised at fair value on the takeover date.

Year-end closing timing differences

For companies whose financial year does not end on 31st December, interim financial statements as at 31st December are established.

Transactions eliminated in the consolidated financial statements

Transactions between consolidated companies which have an impact on their balance sheet or income statement are eliminated. Losses on transactions between consolidated companies that are indicative of value impairment are not eliminated. IAS 12 "Income Taxes" applies to temporary differences resulting from the elimination of profits and losses on intra-group transactions.

2.4.3. Translation of transactions and financial statements of foreign companies

Translation of the financial statements of foreign companies

The financial statements of consolidated foreign subsidiaries, whose functional currency is different from the euro are translated on the following bases:

- assets and liabilities are translated at the official exchange rates prevailing at the year-end date;
- income and expenses are translated at the average rate for the period, unless exchange rates fluctuate significantly;
- goodwill and fair value adjustments recognised on the acquisition of companies whose functional currency is not

the euro are considered to be the assets and liabilities of such companies: they are thus stated in the functional currency of the said companies and converted at the closing rate of each period;
- the resulting foreign exchange translation differences are recognised in consolidated equity under the item "foreign exchange translation reserves".

Translation of foreign currency transactions

The functional currency of Group companies is their local currency. Transactions denominated in foreign currency are translated by the subsidiaries into their functional currency at the rate of exchange prevailing at the transaction date.
Monetary assets and liabilities denominated in foreign currency are translated into euros at the last official year-end exchange rate. The corresponding exchange differences are recorded in financial income (expense).

2.4.4. Business combination

The Group has applied IFRS 3 (Revised) since 1st January 2010.

A business combination is understood to involve the obtaining of control. Upon acquisition of control, the acquirer recognises the fair value of the acquired assets and liabilities of the acquired entity and also assesses the goodwill or profit from them.

Non-controlling interests are recognised according to the following options for each combination:
- either based on their share in the fair value of the assets and liabilities acquired (the so-called partial goodwill method);
- or at fair value of the shareholding (the so-called complete goodwill method).

Acquisition costs are expensed in the year.
For a takeover in several stages, the investment held prior to the establishment of control is revalued at its fair value on the date of takeover and any profit or loss arising therefrom is recognised in the operational profit or loss after gains or losses from disposals.
Commitments linked to earn-out clauses are measured at their fair value on the acquisition date.
Adjustments to the cash consideration during the twelve months after the date of acquisition must be analysed in order to determine:
- if the adjustment is linked to new factors occurring since the acquisition of control: counterpart in profit for the year;
- if the adjustment is the result of new information collected enabling fine-tuning of the valuation on the takeover date: counterpart in goodwill.

A subsequent change of debt corresponding to additional consideration beyond the twelve month period is booked in profit for the year.

After the acquisition of control, purchases/disposals without loss of control are treated as transactions between shareholders and therefore directly through equity.

2.4.5. Goodwill

Goodwill on acquisition represents the excess of the cost of an acquisition over the share acquired by the Group of the fair value of the acquired assets and liabilities of the acquired entity on the date of acquisition.

The goodwill recognised for an associate is included in the value of the investment in it under "Investments under the equity method", in the statement of financial position.

Corrections or adjustments may be made to the fair value of assets, liabilities and contingent liabilities acquired in the twelve months following the acquisition, when new information arises affecting facts and circumstances which were in evidence at this date of acquisition. Goodwill is then corrected with retroactive effect. Beyond that date, any change in assets acquired and liabilities assumed is recognised in the income statement. If the information is a result of events occurring after the date of acquisition, the changes are recognised in profit for the year.

As goodwill cannot be amortized, it undergoes impairment tests every year or at more frequent intervals when events or changes in circumstances indicate possible loss in value (see 2.4.10).

Goodwill is allocated to cash generating units or groups thereof which are likely to benefit from synergies resulting from aggregation as described in note 2.4.10.

Negative goodwill is recognised in the income statement on the date of acquisition.

2.4.6. Commitments to repurchase the non-controlling interests in a subsidiary

The Group has given promises to non-controlling shareholders of certain fully consolidated subsidiaries to repurchase their shares.

These purchase commitments (firm or conditional) of non-controlling interests do not transfer risks and benefits. They are recognised in financial debts against a reduction of those earnings attributable to non-controlling interests.

Where the value of the commitment exceeds the amount of earnings attributable to non-controlling interests the balance is recognised in equity attributable to Group shareholders.

The fair value of non-controlling interest buyout commitments is reviewed at each financial accounting period end. A change in the corresponding financial liability is booked against equity.

2.4.7. Service concession arrangements

Presentation of the IFRIC 12 interpretation

An arrangement is included in the scope of interpretation of IFRIC 12, where the assets used to carry out the public service are controlled by the grantor. Control is presumed when the two conditions below are met:
- the grantor controls or regulates the public service, i.e. it

controls or regulates the services that must be rendered, through the infrastructure covered by the concession and determines to whom and at what price the service shall be rendered; and
- the grantor controls the infrastructure on termination of the contract, i.e. the right to regain possession of the infrastructure at the end of the contract.

In its public transport activities, the Group is notably the holder of outsourced public service contracts.

In France, the Group operates outsourced public service contracts, mainly in the form of operate and maintain (O&M) contracts whereby the operator is responsible for operating and maintaining facilities owned and funded by local and regional authorities – public transport authorities (PTAs).

Pursuant to the interpretation of IFRIC 12, in this case, the operator cannot include the infrastructure controlled by the grantor in its balance sheet as tangible assets, but either as an intangible asset ("intangible asset model") and/ or as a financial asset ("financial asset model"):
- the "intangible asset model" applies where the operator receives a right to charge users for the public service and thus bears a financial risk;
- the "financial asset model" applies where the operator obtains an unconditional right to receive cash or other financial asset, either directly or indirectly through guarantees given by the grantor on the amount of cash payments from the public service. The remuneration is independent of the extent to which the public uses the infrastructure.

Where the service is provided using infrastructure rented from a third party and controlled by the grantor, the Group has recognised payments of fixed and variable fees in the IFRIC 12 asset valuation.

Financial asset model

In service concessions, the operator receives an unconditional right if the grantor gives it a contractual guarantee to pay:
- amounts specified or determined in the contract; or
- the shortfall, if any – between the amount received from users of the public service and specified or determinable amounts in the contract.

Financial assets stemming from the application of the IFRIC 12 interpretation are recorded in the statement of financial position under "Non-current financial assets" detailed in Note 5.5. They are recognised at amortised cost and repaid.

The financial income, calculated on the basis of the effective rate of interest, the equivalent of the project's internal rate of return, is recognised as revenue.

Intangible asset model

The intangible asset model applies where the operator is paid by users or does not receive any contractual guarantee from the grantor on the amount to be collected. The intangible asset corresponds to the right granted by the grantor to the operator to charge users for the public service.

Intangible assets resulting from the application of the IFRIC 12 interpretation are booked in the statement of financial position under the heading "Other intangible fixed assets" detailed in Note 5.2. These assets are amortised straight-line over the term of the contract.

Within the framework of the intangible asset model, revenues include:
- Turnover as and when assets or infrastructures under construction are completed;
- Remuneration relating to the provision of services.

Mixed or bifurcation model

Application of the financial asset model or the intangible asset model is based on the existence of guarantees of payment given by the grantor.

However, certain contracts may include a payment commitment from the grantor which partially covers the investment, with the balance covered through fees charged to users.

In this case, the amount guaranteed by the grantor is recognised as a financial asset and the balance as an intangible asset.

2.4.8. Intangible assets excluding goodwill

Intangible assets are shown in the statement of financial position at their acquisition cost less the accumulated amortisation and impairments.

Intangible assets mainly consist of patents, licences, trademarks, rights under contracts, pension plan assets, software and service concession intangible assets as defined by IFRIC 12.

In the event of a successful bid, the Group capitalises mobilisation costs, which meet capitalisation criteria, from the point at which it is almost certain that the contract will be awarded. The corresponding contract asset is amortised over the life of the contract.

When the Group completes an acquisition, the contractual relationship between the acquired company and its client (the public transport authority) is assessed at fair value and recognised separately from the goodwill as a contractual right satisfying the qualifying criteria of IAS 38 and IFRS 3 revised.

Where their useful life is defined, intangible assets are amortised on a straight-line basis over periods corresponding to their expected useful life. The amortisation method and useful lives are revised at least each financial year or when necessary. The estimated useful lives are as follows:
- Trademarks: between five and fifteen years;
- contractual rights: two to twenty years, corresponding to their estimated useful life, allowing for a contract renewal rate when the Group has a high renewal rate in the Cash Generating Unit (CGU) concerned;

- software: one to five years;
- service concession assets: amortised over the term of the contract (see 2.4.7);
- contract assets, amortised over the life of the contract.

Where their useful life is indefinite, intangible assets are not amortised.

2.4.9. Property, plant and equipment

Expenditure on property, plant and equipment by the Group is recognised as an asset at its acquisition cost where it satisfies the following criteria:

- it is likely that the future economic benefits relating to the asset will fall to the Group;
- the cost of the asset can be reliably measured.

Property, plant and equipment are shown in the statement of financial position at their acquisition cost less the accumulated depreciation and impairments. The cost includes the asset's purchase or production cost and all the costs directly incurred in making it usable.

Items of property, plant and equipment cease to be recognised as assets when they are derecognised (through disposal or retirement), or when no future economic benefit is expected from their use or disposal. Any gain or loss arising from the derecognition of an asset from the statement of financial position (the difference between the net income from disposal and the asset's carrying amount) is recognised in the income statement in the period of its retirement.

Given the nature of the Group's business, the activities of the different subsidiaries do not include holding investment property assets.

Subsequent expenditure

Subsequent expenditure incurred in replacing property, plant or equipment is recognised under PPE only if it satisfies the foregoing general criteria and can be qualified as components.
Otherwise, this expenditure is recognised in the income statement as incurred.

Through its public passenger transport activity, the Group incurs multiyear expenditure on heavy maintenance and major servicing operations on its light rail (underground railway, tramway) and passenger rail rolling stock. These are capitalised as assets as a component overhaul, which is subsequently depreciated. Furthermore, expenditure which relates to refurbishments or leads to an increase in productive capacity and modifications bringing new functionality or that extend lifespans are contributions that can be qualified as operator assets.

Depreciation

The residual values and useful lives of the assets are reviewed and, where applicable, adjusted, annually or whenever lasting changes arise in operating conditions.

To date, the residual values at the end of the useful life are regarded as immaterial.

Land is not depreciated. Other property, plant and equipment items are depreciated using the straight line method. The estimated useful lives are as follows:

Buildings	**15 - 20 years**
Equipment and tooling	**5 - 10 years**
Office equipment and furniture	**5 - 10 years**
Vehicles:	
Cars	**5 years**
Coaches and buses	**10 - 15 years**
Rolling stock	**15 - 30 years**

Lease agreements

As part of its various operations, the Group uses assets made available through lease agreements.
These lease agreements are the subject of an analysis based on the situations described and indicators provided in IAS 17 to determine whether they are operating lease agreements or finance leases.
Finance leases are agreements that transfer almost all of the risks and benefits of the relevant asset to the lessee. All the lease agreements that do not comply with the definition of a finance lease are classified as operating lease agreements.
The main indicators examined by the Group to assess whether a lease agreement transfers almost all of the risks and benefits are as follows: the existence of an automatic ownership transfer clause or a transfer option; the conditions under which this clause may be exercised; a comparison between the length of the lease and the estimated life of the asset; the uniqueness of the asset used, and a comparison of the present value of the minimum payments under the agreement with the fair value of the asset.

Recognition of finance leases

At the point of initial recognition the assets treated as finance leases are posted as tangible assets, with a corresponding financial debt. The asset is recognized at the fair value of the asset at the start of the lease or, if it is lower, the present value of the minimum payments under the lease.

Recognition of operating leases

Payments made under operating lease agreements are recognised as expenses in the income statement.

From 1 January 2019, IFRS 16 will replace the provisions of IAS 17.

Government investment grants

Government grants wholly or partly covering the cost of investing in an asset are recognised as "Trade payables and other liabilities" and systematically written down in the income statement over the useful lives of the assets concerned.

2.4.10. Impairment of capitalised assets and non-financial assets

The Group performs systematic impairment tests annually (or more frequently where value impairment is indicated) of goodwill and other intangible assets that have indefinite useful lives, and therefore cannot be depreciated.

For property, plant and equipment, and intangible assets with finite useful lives, which are therefore depreciated or amortised, an impairment test is only conducted where impairment is indicated.

Cash Generating Units (CGUs) are the smallest group of assets generating cash flows largely independently of other asset groups. Such units or groups of units correspond to activities in France, and internationally are mainly classed by country.

For testing purposes, the assets are aggregated within CGUs in accordance with IAS 36 "Impairment of Assets".

These tests compare the net carrying amount of assets with their recoverable amount, which is the higher of the fair value less the potential sales costs or the value in use of the asset. In the absence of any fair value observable on an organised market, the recoverable value of the CGUs is determined on the basis of their value in use.

The carrying amount of each asset group tested is compared with its value in use defined as the sum of the net cash flows arising from the latest forecasts for each of the CGUs, drawn up using the main assumptions and procedures set out below:

- medium-term plan and budgets over a 5-year timeframe, drawn up by Management on the basis of growth and profitability assumptions taking account of past performance, foreseeable developments in the economic environment and the expected development of markets;
- extrapolation of the net cash flow of the last year or the average of cash flows over the five previous years by applying the growth assumptions stated in note 5.1;
- discounted future value of the cash flows arising from these plans at a rate determined using the weighted average cost of capital (WACC) of the Group.

Value impairment is recognised in the income statement, under other non-recurring expense, if the carrying amount of a cash-generating unit or group of such units is greater than its recoverable amount. The value impairment is allocated first to the goodwill apportioned to the CGU or CGU group tested, then to the other assets of the CGU or CGU group in proportion to their carrying amount.

This allocation must not result in the carrying amount of an individual asset being lower than its fair value, value in use or zero.

Impairment losses allocated to acquisition goodwill cannot be reversed, unlike the impairment losses of other property, plant and equipment and intangible assets.

In the event of an impairment loss being reversed, the asset's carrying amount is capped at the carrying amount, net of any depreciation or amortisation without taking into account any value impairment recognised in prior periods. When an impairment loss or a reversal of an impairment loss has been recognised, the depreciation charge is adjusted for future periods so that the adjusted carrying amount of the asset, less its residual value, if any, is spread systematically over the remaining useful life.

2.4.11. Financial assets

Purchases and sales of financial assets are accounted for at their transaction date, the date on which the Group is committed to the purchase or sale of the asset. On initial recognition, financial assets are recognised in the statement of financial position at fair value plus the transaction costs directly attributable to the acquisition or issue of the asset (except for the category of financial assets measured at fair value, for which transaction costs are recognised directly in the income statement).

Financial assets are derecognised from the statement of financial position to the extent that entitlements to future cash flows have expired or have been transferred to a third party, and the Group has transferred virtually all the risks and benefits or the control of such assets. Financial assets, the maturity (or intended holding period) of which exceeds one year, are recognised under "Non-current financial assets".

In applying the standard IFRS 9, the Group determines the classification of financial assets, on the date of initial recognition, into one of the accounting categories provided for, according to the management model applied for these assets and the characteristics of the contractual cash flows ("basic loan" criteria).

Equity instruments

An equity instrument under the terms of IAS 32 offers its holder a residual right to the assets of an entity after deduction of the liabilities, without the issuer of the instrument being obliged:

- to give them cash or any other financial asset,
- or to exchange financial instruments under terms which would be potentially unfavourable to them.

Equity instruments within the Keolis Group relate to non-consolidated investments. The Keolis Group has irrevocably selected the classification of its equity assets, either in the category of securities whose fair value varies in equity in "Items which will not be recycled in profit/loss - FVOCI" with no option to recycle in profit/loss (this is the case for strategic investments in entities created under public/private partnerships, and historic investments on the date of the first application), or in the category of securities whose corresponding variations in fair value pass in the income statement.

Debt instruments

Debt instruments are defined by standard IAS 32 as being financial instruments that do not come within the definition of equity instruments mentioned above.

The Group analyses the cash flows generated by the instrument and Management's intentions with regard to these investments, in order to determine the classification of the financial instruments according to the following three categories:

- Debt instrument valued at amortised cost "hold to collect": this means debt instruments whose cash flows represent interest or repayment of capital on specific dates (compliance with "basic loan" criteria), and that the Management intends to retain to maturity.
- Debt instruments valued at the Fair Value by Equity ("Other Items in Comprehensive Income") recycled in profit/loss at the time of the sale "hold to collect and sell": these are debt instruments whose cash flows represent interest or repayment of capital on specific dates (compliance with "basic loan" criteria), and that the Management intends sell in the medium term.
- Debt instruments valued at Fair Value in profit/loss "hold to sell": these are
  - either debt instruments whose cash flows represent interest or repayment of capital on specific dates (compliance with "basic loan" criteria), and that the Management intends to sell in the short term.
  - or debt instruments where it cannot be contractually asserted that the cash flows represent interest or repayment of capital on specific dates.

In the case of instruments with a debt component and an equity component, IFRS 9 does not authorise their separation: an analysis of the instrument will lead to its being classified in one of the two categories. For example, loans convertible into shares are classified in the category of debt instruments whose variations in fair value pass in the income statement.

Impairment of financial assets

When financial assets are first recognised, the Group considers the expected credit losses not only on the basis of an objective indication but also with regard to statistics arising from its past experience.
Accordingly, the initial value of a financial asset depends on the level of credit risk at its initial recognition.
Subsequently, a loss of value is recognised on an asset or a group of financial assets not measured at fair value, in the case of a significant credit risk or where there is an objective indication of impairment arising from one or more events that have occurred since the initial recognition of the asset, and where such an impairing event has an impact on the estimated future cash flows from the financial asset or group of financial assets, and if its carrying value is higher than its estimated recoverable value.
The measurement of trade receivables is described in note 2.4.13.

2.4.12. Inventories

Inventories consist mainly of consumables and miscellaneous goods or supplies used for the maintenance and upkeep of vehicles or intended for resale.
These inventories are valued at purchase cost. Impairment is recognised to reduce the purchase cost (determined using the weighted average cost (WAC) method or the First-in, First-out (FIFO) method) to the net realisable value if lower. Pursuant to IAS 2, the net realisable value is the estimated sale price in the normal course of business, less the estimated cost for completion and realisation of the sale.

2.4.13. Trade receivables and other debtors

Trade receivables and receivables from other debtors are initially recognised at their fair value which, in most cases is their nominal value, given the generally short payment times. The carrying amount is subsequently measured where required at an amortised cost using the effective interest rate method, less any impairment losses.

When the trade debt is first accounted for, the Group considers the potential expected credit losses not only on the basis of an objective indication but also with regard to statistics arising from its past experience.
In view of the low credit risk borne by its customers (mainly public authorities), the Keolis Group applies the simplified method for trade receivables and states that the expected credit loss on recognition of the receivable is negligible. (See paragraph 2.2).

If there is subsequently an objective indication of impairment or a risk that the Group may be unable to collect all the contractual amounts (principal plus interest) on the date set in the contractual payment schedule, an impairment loss is recognised in the income statement. This allowance is equal to the difference between the carrying amount and the estimated recoverable future cash flows, discounted at the original effective rate of interest.

2.4.14. Cash and cash equivalents

This item includes cash, sight deposits and other short-term deposits as well as other easily convertible liquid instruments with negligible risk of a change in value, maturing less than three months from the date of acquisition.

2.4.15. Corporate income tax

Keolis S.A. and its French subsidiaries are part of the tax group of its parent company GROUPE KEOLIS S.A.S. Other tax consolidation regimes also exist abroad. The effect of these regimes is recognised in the income statement.
The income tax expense or income includes the current tax expense or income and the deferred tax expense or income. Tax is recognised in profit for the year unless it relates to items that are directly recognised under equity, in which case, the tax is recognised under equity.

Current tax is the estimated amount of tax due on the taxable profit for the period. It also includes adjustments to the amount of tax payable in respect of previous periods.
Deferred tax is calculated for each individual entity using the balance sheet approach, on the temporary differences between the carrying amount of the assets and liabilities and their taxation base, including assets of which the Group has possession under finance lease agreements.

Measurement of deferred tax assets and liabilities depends on whether the Group expects to recover or to pay the carrying amount of the assets and liabilities, under the variable-carry-forward method, using the rates of taxation that were adopted or virtually adopted at the reporting date. A deferred tax asset is only recognised or maintained as an asset to the extent that the Group is likely to benefit from future taxable profits to which the related deductible temporary difference may be imputed.

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset in each taxable entity when it recovers the asset and settles the liability on the same due date, subject to the following conditions being met:

- legally enforceable right to offset,
- intention to settle,
- schedule of payments.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of certain differences between the values of the Group's proportionate interests in the net assets of subsidiaries, joint ventures and associates and their tax values. This exception applies especially to the income of subsidiaries yet to be distributed, should distribution thereof to shareholders generate taxation; if the Group has decided not to distribute profits retained by the subsidiary in the foreseeable future, no deferred tax liabilities are recognised.

2.4.16. Borrowings and financial debt

All borrowings are initially recognised at fair value, less the related borrowing costs. Thereafter, they are recognised at amortised cost, using the effective interest rate method, with the difference between the cost and the redemption value recognised in the income statement over the term of the borrowings.

The effective interest rate is the rate used to obtain the original carrying amount of a loan by discounting the future cash inflows or outflows over the loan's term. The original carrying amount of the loan includes the transaction costs of the operation and any issuance premiums.

When a debt is reimbursed early, any non-amortised costs are recognised as expenses.

In the event that a loan is renegotiated, standard IFRS 9 stage 1 lays down that the original interest rate is maintained, and an immediate impact is recognised in the income statement amounting to the difference between the expected contractual flows prior to amendment, and the expected contractual flows after amendment. The Group did not suffer any impact from this stage of the standard at 31 December 2018.

2.4.17. Derivative financial instruments

The Group uses derivative financial instruments to manage exposure to financial market risks resulting from its operational, financial and investment activities:

- Interest rate risk;
- Foreign exchange risk;
- Commodities risk.

The derivative financial instruments are measured and recognised at fair value in the statement of financial position on the date they are established, then on each financial year end date.

Fair value is measured by using standard valuation methods and is based on the mid-market conditions commonly used in the markets. The market data used is Level 2 data, as described in IFRS 13.

The treatment of the gains and losses under the fair value revaluation depends on whether or not the derivative instrument is considered a hedging instrument and the nature of the hedged item.

Certain derivative financial instruments are eligible for one of the three hedge accounting categories defined in IFRS 9:

- Fair value hedge;
- Cash flow hedge;
- Net investment hedge.

They are recognised in accordance with hedge accounting rules.

The criteria to apply hedge accounting are mainly:

- general hedging documentation that describes the Group's exposure to the various financial risks and its hedging strategy,
- a hedging relationship clearly established on the date on which each derivative financial instrument is established,
- the use of effectiveness testing to demonstrate the effectiveness of the hedging relationship prospective to its date of establishment, at each financial close.

Interest rate, foreign exchange and commodity derivative financial instruments are entered into with first-class bank counterparties in accordance with the Group's counterparty risk management policy. Consequently, the counterparty risk can be regarded as negligible.

Derivative financial instruments qualifying for hedge accounting are currently accounted for as cash flow hedges. Non- qualifying derivative financial instruments are accounted for as transactions under trading.

Changes in the intrinsic value of derivative financial instruments treated as cash flow hedges are wholly recognised in equity (reclassifiable reserves). The initial time value (premium) is treated as a cost of the hedging with subsequent changes in value recognised in OCI.

Applying standard IFRS 9, the element of contango/backwardation, corresponding to the difference in price between the swap futures (or the exercise price for the options) and the spot price, may be recognised either as a cost of hedging or within financial result: at 31 December 2018 the element of contango/backwardation for all transactions is treated as a cost of hedging.

The change in fair value of derivatives not qualifying for hedge accounting (for example, the asymmetrical collars) is recognised within financial result.

Interest rate risks relating to the variable rate portion of its financial debt.

The Group's interest rate risk exposure results from its financial debt. The Group covers this risk by using derivative financial instruments.

The objective of the risk management is to protect the Group's financial income/(expense) from an increase in interest rates, while taking advantage of a decrease in rates to the greatest extent possible.

The interest rate hedging policy implemented consists in favouring fixed rate derivative financial instruments. The management horizon adopted is usually a rolling five years, but this can be greater dependent upon the hedging requirement.

The derivative financial instruments which the Group uses are standard, liquid and available on the market, namely:

- swaps;
- cap calls;
- sales of caps to unwind an existing cap or to realise a cap spread;
- floor puts if tied with cap calls to create a symmetrical or asymmetrical collar;
- floor calls, in particular to buy back floors that constitute asymmetrical collars;
- swaption calls;
- swaption puts if tied with calls to constitute swaption collars.

Sensitivity analysis

The sensitivity of profit to a risk in variations in interest rates is linked:

- to the net debt at variable interest rates after taking into account fair value hedges;
- to liabilities for fair value options;
- to derivative financial instruments not qualifying as hedges in the sense of the standard IFRS 9.

The sensitivity of reclassifiable reserves (equity) to a risk in variations in interest rates is linked to derivatives qualifying as cash flow hedges.

Foreign exchange risk

The Group has put in place intra-group loans denominated in foreign currency and recognised in current accounts. In order to cover the resulting foreign exchange risk, the Group uses derivative financial instruments which allow it to fix the exchange rate of these intra-group loans.

The Group also makes net investments in the capital of its foreign subsidiaries in local currency. To cover the foreign exchange risks engendered by these investments, the Group uses derivative financial instruments in controlled amounts. Management's objective is to protect the balance sheet values of these investments in local currency. The foreign exchange hedging policy implemented to achieve this objective consists of maintaining a reference exchange rate defined for the year.

The derivative financial instruments used by the Group are standard, liquid and market-available:

- forward and futures sales and purchases;
- foreign exchange swaps;
- call options;
- put options in combination with call options to provide symmetric or asymmetric collars.

Commodities price risks

Due to their transportation activities as operators of light vehicle fleets (coaches and buses), the Group's subsidiaries must make substantial and regular purchases of diesel. The Group is consequently exposed to a risk in the fluctuation of the price of diesel, a risk which is partially hedged in the concession contracts signed with public transport authorities. For the remaining exposure, the Group implements a hedging policy using derivative financial instruments whose objective is to minimise the volatility of Group profits.

For this purpose, the Group uses standard, liquid and market-available derivative financial instruments, namely:

- swaps;
- cap calls;
- cap puts to unwind an existing cap or to realise a cap spread;
- floor puts if tied with cap calls to create symmetrical or asymmetrical collars;
- floor calls, in particular to buy back floors that constitute asymmetrical collars.

2.4.18. Provisions

Provisions for pension and post-employment commitments (IAS 19 revised)

The Group offers its employees various fringe benefits while they are in employment or after employment. These benefits arise under the legislation applicable in certain countries and under contractual arrangements concluded by the Group with its employees, and are either defined contribution plans or defined benefit plans.

(a) Defined contribution plans

Defined contribution plans are characterised by payments to organisations that discharge the employer from any subsequent obligation, with the organisations taking responsibility for paying employees their entitlements. Hence, once the contributions are paid, no liability is reported in the Group's financial statements.

(b) Defined benefit plans

Defined benefit plans refer to plans providing post-employment benefits other than defined contribution plans. The Group has a duty to accrue provisions for the benefits to be paid to serving members of its staff, and to pay the benefits of former members of its staff. In substance, the actuarial and investment risks lie with the Group.

These plans mainly concern the following:

- pension commitments: pension annuity plans, retirement gratuities, other retirement commitments and additional pension benefits;
- other long term benefits: long service awards.

Description of commitments under defined benefit plans

Apart from ordinary, statutory schemes, the Group provides, according to country and local legislation, retirement gratuity schemes (France), defined benefit pension schemes (United Kingdom and Canada) and pensioners' health benefit schemes (Canada and USA).

In France, retirement gratuities paid to the employee on leaving employment are determined according to the national collective labour agreement or the company agreement applying in the business. The following are the two main collective labour agreements applied within the Group:

- "Convention collective des transports publics urbains" (CCN_3099) – the national collective labour agreement for urban public transport;
- "Convention collective des transports routiers" (CCN_3085) – the national road-haulage collective labour agreement.

These schemes are partly financed by insurance policies. Their value is measured over the average term of the policies (20 years) except in the case of Keolis S.A., which is measured using actual retirement ages.

For the retirement obligations in respect of the British Train Operating Companies (TOCs), a local position has been taken with regard to IAS 19R:

- an asset representing the pension rights is taken into account at the start of the franchise;
- liabilities are calculated for the length of the current contract.

These two elements will have zero value at the end of the contract. This treatment is renewed in the case of a re award of the franchise.

In the United Kingdom there is a defined benefits pension scheme specific to the rail industry: the Railways Pension Scheme (RPS). This scheme is financed by a trust. The amount of the commitment which falls on the company is according to the length of the franchise. This commitment is shown in the statement of financial position for a net amount which reflects the partial off set of pension assets and liabilities.

Annual actuarial evaluations of the commitments of the defined benefit schemes are carried out each year end primarily by independent actuaries.

Commitments for pensions, additional pension benefits and retirement gratuities are measured using a method that takes account of the projected final end-of-career salaries (termed the Projected Unit Credit Method) on an individual basis, which is based on assumptions of discount rates and expected long-term yields from the funds invested for each country, and on assumptions regarding life expectancy, staff turnover, trends in pay, annuity revaluations and the discounted value of payable sums. The specific assumptions for each plan take local economic and demographic factors into account.

The value entered in the statement of financial position under provisions "pensions and other employment benefits" is the difference between the discounted value of the future obligations and the fair value of the pension plan assets intended to cover them. Where the result of this calculation is a net commitment, an obligation is recognised as a liability in the statement of financial position.
When bids are won in France or abroad, the asset representing pension rights and all other employee benefits recognised at the start of the franchise is determined on the basis of the amount of pension liabilities and other employee benefits over the estimated life of the contract.
Actuarial gains/losses relating to post-employment benefits resulting from experience and changes in actuarial assumptions are recognised directly in equity in the year in which they are incurred and are off set against the increase or decrease of the obligation. They are set out in the statement of comprehensive income.

In the income statement, the cost of service earned during the financial year is included in the operating profit.

The interest cost in respect of the discounting of pensions and similar obligations, and the income relating to the expected yields from the pension plan assets, are recognised under financial income and expense.

In France, long service medals are valued on the same basis as pension commitments, with the exception of the recognition of actuarial gains and losses. Actuarial gains and losses are recognised in the income statement.

Other types of provisions

Provisions are accrued where at the end of the reporting period:

- there is a present legal or implicit obligation towards third parties arising from a past event;
- there is a probability that an outflow of resources embodying economic benefits will be required to settle this obligation;
- a reliable estimate can be made of the amount.

In the context of its activity, the Group is generally subject to a contractual obligation to carry out multiyear heavy maintenance and major servicing operations on facilities managed under a public service agreement. The resulting maintenance and repair costs are analysed in accordance with IAS 37 on provisions and, where applicable, provisions are accrued for heavy maintenance and major servicing and also for lossmaking contracts where the unavoidable costs incurred to meet the contractual obligation are greater than the economic benefits of the contract.

In cases of restructuring, an obligation is accrued in so far as the restructuring has been announced and is the object of a detailed formalised plan or has been started prior to the reporting date. Provisions due in more than one year are discounted whenever the impact is material.

2.4.19. Payments in shares and similar payments
The Group has no share option plans or share purchase warrants for the benefit of its members of staff.

2.4.20. Trade payables and other accounts payable
Trade payables and other accounts payable are measured at their fair value at initial recognition, which in most cases is their nominal value, and otherwise at the amortised cost. Short-term payables are recognised at their nominal amount unless discounting at the market rate would have a material impact.
In the event of long payment delays, the suppliers' debt is discounted.

Other payables include deferred revenues, corresponding to income received for services not yet provided, and investment grants not yet credited in the income statement.

2.4.21. Revenue and other business income
Revenue and other business-related income are measured at the fair value of the consideration received or accrued.

They are measured net of discounts and commercial benefits given, where the service has been provided. No income is recognised where there exists significant uncertainty as to the recoverability of the consideration receivable or the costs incurred or to be incurred in relation to the service, and where the Group remains involved in managing the income.

The revenue from urban passenger transport companies is recognised according to the terms of the contract signed with the public transport authority, taking account of all additional clauses and any vested rights (indexation clauses, etc).

The same applies for revenue from intercity passenger transport companies, and other activities not under contract, recognised according to the services provided.

Revenues include fees from value added services arising from the Group's knowhow. These activities (excluding transportation) mainly relate to the management of airports and bike rental.

Other business-related income covers fees for services consisting mainly of revenues classified by the Group as incidental, as well as the remuneration of concession financial assets.

2.4.22. Other operating expenses
Since they are a recurrent feature of the activity, losses or gains on sales of transport equipment are recognised on a separate line and included in profit from continuing operations.

2.4.23. Other operating income
Other operating income mainly comprises the CICE (tax credit for competitiveness and employment), which was created to help companies finance their competitiveness, in particular through investment, research, innovation, recruitment, prospection of new markets, environmental transition and replenishment of their working capital. It applies to remuneration not exceeding two and a half times the minimum wage that the companies pay their employees in the course of the calendar year. In 2018, the tax credit rate remained unchanged at 6%.

The CICE is deducted from corporate income tax due for the year during which the remuneration used for the calculation of the tax credit was paid. Any non-deducted credit is treated as a receivable from the State and can be used to pay tax due in the three years following that for which the credit was earned. At the end of this period, any remaining non-deducted amount is reimbursed to the company.

The Group holds the view that the CICE is a type of public subsidy within the application of IAS 20, insofar as it is used for financing working capital related expenditure. The CICE is recognised under operating subsidies in the line "Other operating income" of the consolidated income statement.

2.4.24. Recurring operating profit
Recurring operating profit corresponds to the whole of the expenses and income arising from the Group's recurring operating activity before financing activities, the earnings of associates, activities discontinued or being sold and taxation.

2.4.25. Operating profit or loss
Operating profit includes recurring operating profit and all transactions not directly related to the normal conduct of business, but that cannot be directly attached to any other item in the income statement.
Income and expenses, charges to depreciation and provisions on non-recurring items include all non-recurring operations where costs are significant: this applies in particular to offensive bids, restructuring costs, disposal gains or losses on assets other than transport equipment, the amortisation of contractual rights and start-up costs in a new country or zone, and to other items that are by their nature non-recurring.
Effects of changes in scope recognised directly in income include:
- direct acquisition costs in the case of a takeover;
- effects of revaluations, at fair value on the acquisition date, of non-controlling interests previously acquired in the case of an acquisition in stages;
- subsequent earn-outs;
- profit or loss from divestments of holdings which lead to a change in the method of consolidation as well as, where applicable, the revaluation effects of retained non-controlling interests.

2.4.26. EBITDA calculation
EBITDA is calculated based on operating profit/(loss), plus or minus the profit or loss on asset disposals, the amounts representing depreciation and amortisation, increases and reversals of provisions and the share of subsidy income.
Recurring EBITDA corresponds to EBITDA less material non-recurring items.

2.4.27. Financial income / (expense)

Financial expenses include interest on borrowings and financial debt calculated using the effective interest rate method, the cost of early loan repayments or of cancelling credit lines, the financial interest not directly attributable to the operating margin and the financial cost of discounting non-current liabilities.

Financial income includes income from deposits of cash or cash equivalents and dividends received from non-consolidated companies.

Other financial income and expense include net foreign exchange gains and losses, bank commissions on credit transactions booked as an expense and their rebilling as income, changes in the fair value of derivative financial instruments when they are to be recognised in the income statement and are recognised respectively as financial income or expenses on transactions, with the exception of changes in the fair value of hedging derivatives which are recorded on the same line as the transaction hedged within operating profit. Therefore, any change in the fair value of derivatives, when they are not eligible for hedge accounting, and the change in value of the ineffective portion for cash flow hedging are recognised in the financial result.

All interest on borrowings is recognised as a financial expense as and when incurred.

3 ■ HIGHLIGHTS OF THE FINANCIAL YEAR

Keolis won the largest contract in its history in Wales. On 4 June, the operation, maintenance and renovation of the entire Wales & Borders rail network were awarded to the joint venture KeolisAmey for a period of 15 years. Operations were transferred on 14 October 2018. The deal will generate revenue of €5.7 billion over the life of the contract.

In association with Shentong Metro Group, Keolis won the operation and maintenance contract of the future tram line of the district of Songgjiang, in the south-west of Shanghai, for a five-year period.

In the second half of the year, Keolis acquired four companies in the Open Tours airport transit group. This acquisition in Belgium represents turnover of €17 million and comprises 380 employees.

On 19 November 2018, the French government appointed the consortium "Hello Paris", comprising Keolis and RATP Dev, as the operator of CDG Express, the direct rail service between Paris Gare de l'Est and Paris-Charles de Gaulle Airport, to be commissioned on 1 January 2024 in view of the Paris 2024 Olympics. The contract includes a pre-operational period lasting five years (2019 to 2023) and an operational period lasting 15 years (2024 to 2038).

In 2018, Keolis had several significant contracts renewed in France and abroad, most notably in Lille (renewal for seven years), Besançon (seven years), Tours (seven years), Orleans (six years), Las Vegas (five years) and Bergen (eight years).

On 27 July 2018, Groupe Keolis SAS signed an amendment to the syndicated loan contract initially signed on 12 July 2013. The principal features of this amendment are:
- a borrowing envelope unchanged at €900 million;
- maturity extended to 27 July 2023;
- the opportunity for Keolis in 2019 and 2020 to extend the maturity by an additional year, subject to the approval of the entire lending syndicate. Maturity could thus be extended to 27 July 2025;
- the adjustment of the covenants for the application of IFRS 16 from 1 January 2019. These new provisions will begin to apply from the accounting close of 30 June 2019.

By virtue of the principle of debt continuity, none of the nominal sum was reimbursed when the amendment was concluded.

At 31 December 2018, the amount drawn was €510 million and the undrawn balance stood at €390 million. The syndicated loan line is accessible to GROUPE KEOLIS S.A.S. and Keolis S.A.

4 ■ NOTES TO THE CONSOLIDATED INCOME STATEMENT

4.1. Staff costs

Staff costs

(€ million)	**31/12/2018**	31/12/2017
Wages and social charges	(2,922.8)	(2,781.2)
Taxes on remuneration	(83.1)	(67.0)
Other staff expenses [1]	(243.2)	(203.9)
TOTAL	**(3,249.1)**	**(3,052.1)**

(1) Other staff expenses include incentive schemes and profit sharing.

Average number of employees

	31/12/2018	31/12/2017
Managers	2,696	2,588
Supervisory and technical staff	9,025	8,354
Clerical and manual employees, drivers	50,554	46,849
TOTAL	**62,275**	**57,791**

Employee numbers are presented in terms of number of people for 2017 and 2018. In 2017, the number of people working for Keolis was 57,791.

4.2. Other operating income

Under the CICE, the Group received €49.4 million in 2018 compared to €57.7 million in 2017.

4.3. Operating profit

(€ million)	**31/12/2018**	31/12/2017
RECURRING OPERATING PROFIT	**123.5**	**94.5**
Non-recurring costs of offensive bids	(1.6)	(6.1)
Amortisation of contractual rights and trademarks	(8.5)	(8.6)
Other non-recurring items	(14.4)	(12.2)
■ *Net reorganisation expenses*	*(8.7)*	*(10.7)*
■ *Change in provisions for contract losses*	-	*2.6*
■ *Other*	*(5.7)*	*(4.1)*
TOTAL NON-RECURRING ITEMS	**(24.4)**	**(26.9)**
OPERATING PROFIT BEFORE INVESTMENTS UNDER EQUITY METHOD	**99.1**	**67.6**

4.4. EBITDA calculation

(€ million)	31/12/2018	31/12/2017
OPERATING PROFIT	**99.1**	**67.6**
Net charges to depreciation	194.1	190.4
Net charges to provisions	3.6	(17.7)
■ Net depreciation and other provisions charged	197.7	172.7
Depreciation on non-recurring items	8.5	8.6
Provisions on non-recurring items	3.9	(0.9)
■ Net depreciation and other provisions on non-recurring items	12.4	7.8
■ Amortisation of grants received	(7.0)	(7.5)
■ Reversals of operating provisions utilised on recurring items (1)	-	-
■ Reversals of provisions utilised on non-recurring items (1)	-	-
■ Profit (loss) on fixed asset disposals	(2.3)	0.1
EBITDA	**299.9**	**240.7**
Non-recurring income and expense (2)	12.1	19.1
RECURRING EBITDA	**311.9**	**259.9**

(1) Reversals of utilised provisions are presented within net depreciation and other provisions charged
(2) Non-recurring income and expense include significant offensive bid costs, major restructuring expenses and other significant exceptional items.

4.5. Share in net profit for the year from investments under the equity method

(€ million)	31/12/2018	31/12/2017
Govia (UK)	20.8	25.4
First / Keolis Transpennine (UK)	0.6	0.7
Other associates (France)	(0.4)	0.2
Other associates (international, excluding UK)	0.6	(0.7)
TOTAL JOINT VENTURES AND ASSOCIATES	**21.6**	**25.6**

4.6. Financial income / (expense)

(€ million)	31/12/2018	31/12/2017
Net cost of financial debt	(4.5)	(8.3)
■ *of which Cost of gross financial debt*	*(8.8)*	*(9.7)*
■ *of which Income from cash and cash equivalents*	*4.3*	*1.4*
Other financial income and charges	9.9	5.1
■ *of which revaluation of securities*	*2.1*	*0.5*
Other financial charges	(20.0)	(8.4)
■ *of which foreign exchange impact*	*(3.0)*	*(0.1)*
FINANCIAL INCOME / (EXPENSE)	**(14.7)**	**(11.6)**

4.7. Taxation

The 2018 tax charge breaks down as follows.

(€ million)	**31/12/2018**	31/12/2017
CURRENT TAX EXPENSE	**(52.8)**	**(35.8)**
Tax payable for the period	(52.1)	(35.9)
Adjustments in respect of prior years	(0.7)	0.1
DEFERRED TAX INCOME	**5.4**	**(4.8)**
Deferred tax for the period	9.1	(3.0)
Impairment loss on deferred tax asset	(3.7)	(1.7)
TAX EXPENSE FOR THE YEAR	**(47.5)**	**(40.6)**

In 2017 and 2018, the Group opted to present a reconciliation of its effective rate at 34.43%.

The reconciliation between the legal rate of taxation in France and the effective rate is as follows:

	31/12/2018		31/12/2017	
	In %	In € million	In %	In € million
PROFIT FOR THE YEAR		**58.5**		**41.0**
Neutralisation of Profit/(loss) from associates		(21.6)		(25.6)
Neutralisation of Taxation		47.5		40.6
PROFIT BEFORE TAX AND BEFORE PROFIT/(LOSS) FROM ASSOCIATES		**84.4**		**56.0**
THEORETICAL TAX USING THE LEGAL RATE OF FRENCH TAXATION	**34.43%**	**(29.0)**	**34.43%**	**(19.3)**
French / foreign taxation rate differentials	-0.30%	0.3	4.52%	(2.5)
Rate change in France and the USA	0.00%	-	8.63%	(4.8)
Recognition of deferred taxes on intangible assets	0.00%	-	-2.64%	1.5
Effect of reduced rates and changes in tax rates	-3.67%	3.1	0.18%	(0.1)
Adjustment in respect of tax for prior years	0.85%	(0.7)	-0.18%	0.1
Other permanent differences	2.62%	(2.2)	11.47%	(6.4)
Crédit d'Impôt Compétitivité Emploi	-20.51%	17.3	-35.47%	19.9
Effect of direct taxation (CVAE)	19.14%	(16.2)	11.48%	(6.4)
Unrecognised deferred tax assets	23.69%	(20.0)	40.05%	(22.4)
EFFECTIVE RATE OF TAXATION	**56.25%**	**(47.5)**	**72.46%**	**(40.6)**

Unrecognised deferred tax assets in 2018 mainly relate to France, North America, Germany and the Netherlands.

Les impôts différés inscrits en actifs et passifs non courants s'analysent comme suit :

(€ million)	**31/12/2018**	31/12/2017
DEFERRED TAX ASSETS	**109.2**	**105.7**
Less than one year	13.2	11.2
More than one year	96.0	94.5
DEFERRED TAX LIABILITIES	**(100.5)**	**(102.2)**
Less than one year	(14.8)	(12.5)
More than one year	(85.7)	(89.6)

Unused losses amounted to €685.7 million at 31 December 2018 of which €563.5 million were not recognised, taking into account assumptions on the usability of these losses within available time limits, which would represent a deferred tax asset of €194 million.

At each financial year end, the Group assesses for each tax entity the probability of its having taxable profits against which to offset its deferred tax assets or to use available unrecognised tax credits. In making this assessment, the Group takes account of, among other factors, past and present taxable profit, and the companies' prospects for making future taxable profits.

The change in the net deferred taxes recorded in the statement of financial position breaks down as follows:

(€ million)	Net position
OPENING BALANCE ON 1 JANUARY 2018	**3.5**
Recognised in equity	0.4
Recognised in profit for the year	5.2
Effect of consolidation scope changes	(1.9)
Foreign exchange translation difference and other movements	1.5
CLOSING BALANCE ON 31 DECEMBER 2018	**8.7**

(€ million)	Net position
OPENING BALANCE ON 1 JANUARY 2017	**9.6**
Recognised in equity	0.5
Recognised in profit for the year	(4.6)
Effect of consolidation scope changes	(2.9)
Foreign exchange translation difference and other movements	0.6
CLOSING BALANCE ON 31 DECEMBER 2017	**3.5**

Net deferred taxes by type are as follows:

(€ million)	**31/12/2018**	31/12/2017
Purchase accounting asset revaluations	(46.8)	(49.3)
Staff benefits	34.4	36.8
Tax losses	34.5	32.2
Other	(13.4)	(16.2)
CLOSING BALANCE ON 31 DECEMBER	**8.7**	**3.5**

5 ■ NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1. Goodwill

Changes in carrying amount

(€ million)	France	Continental Europe	Australia	North America	Total
At 1 January 2018	**115.7**	**104.9**	**34.1**	**32.7**	**287.4**
Acquisitions [1]	6.9	10.2	(0.7)	-	**16.4**
Disposals	(0.1)	-	-	-	**(0.1)**
Impairment loss for the period	-	-	-	-	**-**
Foreign exchange translation differences and others	(0.5)	(0.3)	(1.8)	0.5	**(2.1)**
At 31 December 2018	**122.1**	**114.7**	**31.6**	**33.2**	**301.7**
Of which gross value	*122.6*	*114.7*	*31.8*	*43.2*	***312.4***
Of which accumulated amortisation and impairment charges	*(0.5)*	-	*(0.2)*	*(10.0)*	***(10.7)***

(1) The variation in acquisitions recorded in 2018 mainly relates to the acquisition of the Tram group in France in January 2018 and the acquisition of the Andrews group in Continental Europe in August 2018.

(€ million)	France	Continental Europe	Australia	North America	Total
At 1 January 2017	**112.8**	**104.6**	**34.8**	**36.7**	**289.0**
Acquisitions [1]	2.5	0.5	1.0	(0.4)	**3.6**
Disposals	-	-	-	-	**-**
Impairment loss for the period	-	-	-	-	**-**
Foreign exchange translation differences and others	0.5	(0.3)	(1.8)	(3.6)	**(5.2)**
At 31 December 2017	**115.7**	**104.9**	**34.1**	**32.7**	**287.4**
Of which gross value	*116.2*	*104.9*	*34.3*	*42.6*	***297.9***
Of which accumulated amortisation and impairment charges	*(0.4)*	-	*(0.2)*	*(9.8)*	***(10.5)***

(1) The variation in acquisitions mainly relates to the acquisition of Les Coccinelles on 31 March 2017.

Impairment testing

The main assumptions made for impairment tests are as follows:

Discount rate

The discount rate used is based on the average cost of capital reflecting current market assessments of the time value of money and the risks specific to the tested asset.

The average weighted cost of capital has been determined by a combination of two methods: the «Capital Asset Pricing Model» (CAPM) method and the average weighted cost of capital method for comparable listed companies. Taking into account these factors, the costs of capital used to discount future cash flows were as follows:

	WACC	
	31/12/2018	31/12/2017
KEOLIS	**4.27%**	**4.49%**
United Kingdom	4.54%	4.96%
Sweden	4.15%	4.73%
Canada	4.38%	4.96%
Denmark	4.35%	4.49%
Netherlands	4.27%	4.25%
Belgium	4.31%	4.49%
Australia	4.31%	5.20%
Norway	3.95%	4.25%
United States	4.96%	4.96%
Germany	3.64%	4.49%
France	4.27%	4.49%

These discount rates are rates after tax applied to cash flows after tax. Use thereof results in recoverable amounts identical to those obtained by using pre-tax rates applied to non-taxed cash flows, in accordance with IAS 36.

Long-term growth rates

The growth rates applied to the main cash-generating units or groups thereof were as follows:

	Infinite growth rates	
	31/12/2018	31/12/2017
KEOLIS	**2.00%**	**2.00%**
United Kingdom	2.21%	2.21%
Sweden	2.11%	2.11%
Canada	2.21%	2.21%
Denmark	2.00%	2.00%
Netherlands	1.89%	1.89%
Belgium	2.00%	2.00%
Australia	2.32%	2.32%
Norway	1.89%	1.89%
United States	2.21%	2.21%
Germany	2.00%	2.00%
France	2.00%	2.00%

Sensitivity of recoverable amounts

Sensitivity tests on groups of cash-generating units were carried out by varying the long-term growth rates or the WACC (weighted average cost of capital).

A 0.5% decrease in the indefinite growth rate leaves a positive margin between the value in use and the carrying amount of cash-generating units.

A 0.5% increase in the discount rate leaves a positive margin between the value in use and the carrying amount of cash-generating units.

5.2. Other intangible assets

(€ million)	Authorisations, Patents and Software	Trademarks	Contractual rights	Concession assets	Contract assets [1]	Other	Total
At 1 January 2018	**33.4**	**3.1**	**94.7**	**0.0**	**22.3**	**58.3**	**211.8**
Acquisitions	16.4	-	-	0.2	7.6	16.5	**40.7**
Assets disposed of and scrapped	(1.2)	-	-	3.0	-	-	**1.8**
Amortisation	(23.0)	(0.4)	(8.0)	(2.5)	(0.8)	(8.7)	**(43.4)**
Changes in reporting scope	3.2	-	0.7	-	-	7.5	**11.4**
Foreign exchange translation differences and other movements	26.4	0.1	(1.5)	(0.7)	(0.4)	(25.3)	**(1.3)**
At 31 December 2018	**55.3**	**2.8**	**85.9**	**-**	**28.7**	**48.3**	**221.0**
Of which gross value	*175.2*	*5.6*	*136.8*	-	*41.3*	*84.7*	***443.5***
Of which cumulative depreciation and impairment losses	*(120.0)*	*(2.7)*	*(50.8)*	-	*(12.6)*	*(36.4)*	***(222.5)***

(€ million)	Authorisations, Patents and Software	Trademarks	Contractual rights	Concession assets	Contract assets [1]	Other	Total
At 1 January 2017	**28.8**	**4.0**	**101.0**	**3.3**	**11.9**	**59.2**	**208.2**
Acquisitions	15.7	-	-	1.0	12.1	10.4	**39.2**
Assets disposed of and scrapped	-	-	-	-	-	(0.1)	**(0.1)**
Amortisation	(16.6)	(0.4)	(8.0)	(18.0)	(1.7)	(5.4)	**(50.0)**
Changes in reporting scope	0.4	-	4.8	-	-	1.7	**6.9**
Foreign exchange translation differences and other movements	5.1	(0.5)	(3.1)	13.7	-	(7.6)	**7.7**
At 31 December 2017	**33.4**	**3.1**	**94.7**	**-**	**22.3**	**58.3**	**211.8**
Of which gross value	*131.7*	*5.3*	*137.9*	*98.3*	*52.9*	*67.4*	***493.6***
Of which cumulative depreciation and impairment losses	*(98.4)*	*(2.2)*	*(43.1)*	*(98.3)*	*(30.6)*	*(9.2)*	***(281.9)***

(1) See note 2.4.8 for definition of contract assets

5.3. Property, plant and equipment

(€ million)	Land & Developments	Buildings	Equipment and tooling	Transport equipment	PPE under construction	Other	Total
At 1 January 2018	**37.8**	**77.9**	**36.3**	**508.8**	**39.8**	**70.1**	**770.6**
Acquisitions	2.2	6.4	15.2	101.3	14.5	23.0	**162.6**
Assets disposed of and scrapped	(0.1)	(0.8)	(1.4)	(17.3)	(0.9)	(1.1)	**(21.6)**
Depreciation	(1.4)	(11.2)	(8.9)	(117.0)	-	(20.7)	**(159.3)**
Changes in reporting scope	-	0.2	0.1	10.9	-	2.3	**13.5**
Foreign exchange translation differences and other movements	(0.7)	9.1	1.7	12.9	(32.8)	(2.0)	**(11.8)**
At 31 December 2018	**37.8**	**81.6**	**43.0**	**499.6**	**20.6**	**71.6**	**754.0**
Of which gross value	*47.5*	*175.9*	*124.4*	*1,297.1*	*20.6*	*211.2*	***1,873.8***
Of which cumulative depreciation and impairment losses	*(9.8)*	*(94.4)*	*(78.5)*	*797.5*	-	*(139.7)*	***(1,119.8)***

(€ million)	Land & Developments	Buildings	Equipment and tooling	Transport equipment	PPE under construction	Other	Total
At 1 January 2017	**37.2**	**79.3**	**32.6**	**509.9**	**27.2**	**66.3**	**752.6**
Acquisitions	1.9	9.2	10.8	115.9	33.8	26.0	**197.6**
Assets disposed of and scrapped	(0.4)	(2.2)	(0.2)	(10.9)	-	(0.6)	**(14.4)**
Depreciation	(1.3)	(9.9)	(8.2)	(110.2)	-	(18.7)	**(148.3)**
Changes in reporting scope	1.1	-	-	4.3	-	0.1	**5.4**
Foreign exchange translation differences and other movements	(0.6)	1.5	1.2	(0.2)	(21.2)	(3.0)	**(22.3)**
At 31 December 2017	**37.8**	**77.9**	**36.3**	**508.8**	**39.8**	**70.1**	**770.6**
Of which gross value	*46.4*	*171.9*	*110.7*	*1,247.2*	*39.8*	*193.8*	***1,809.7***
Of which cumulative depreciation and impairment losses	*(8.6)*	*(93.9)*	*(74.5)*	*(738.4)*	-	*(123.7)*	***(1,039.1)***

Finance leases

At 31 December 2018, finance leased assets included within assets in the statement of financial position comprised:

(€ million)	Transport equipment	Land and Buildings	Total
Net book value of finance leased fixed assets	125.1	3.4	**128.5**

Schedule of minimum finance lease payments

(€ million)	1 year	1 to 5 years	> 5 years	Total
Principal	36.6	77.4	5.8	**119.7**
Interest	-	4.7	0.4	**5.1**
FINANCE LEASE PAYMENTS	**36.6**	**82.1**	**6.2**	**124.8**

5.4. Investments under the equity method

The Group holds several investments in joint ventures and associates, notably in the United Kingdom, consolidated under the equity method.

The changes in the value of these investments during the financial year can be explained by the items below:

(€ million)	**31/12/2018**	31/12/2017
AT 1 JANUARY	**36,2**	**37.6**
Net profit attributable to Group	*21,6*	*25.6*
Profit/(loss) from investments under equity method	**21,6**	**25.6**
Foreign exchange translation differences	(0,1)	0.5
Dividends paid	(21,4)	(26.6)
Changes in consolidation scope & other	1,7	(0.9)
AT 31 DECEMBER	**38,1**	**36.2**

The financial elements relating to significant joint ventures are presented below at 100% of their values:

(en millions d'euros)	31/12/2018				31/12/2017			
	Govia & subsid's	First / Keolis Transpennine	Others	Total associates	Govia & subsid's	First / Keolis Transpennine	Others	Total associates
Non-current assets	55.1	-	NA	NA	62.3	-	NA	NA
Net WCR	38.4	6.7	NA	NA	31.2	5.3	NA	NA
Equity	88.8	6.7	NA	NA	90.3	5.4	NA	NA
Inc. Net profit	59.4	1.4	NA	NA	72.6	1.5	NA	NA
Non-current liabilities	4.7	-	NA	NA	3.2	-	NA	NA
Net assets	88.8	6.7	NA	NA	90.3	5.4	NA	NA
Reconciliation of financial data with value of investments under equity method								
Group share of net assets	**31.1**	**3.0**	**4.0**	**38.1**	**31.6**	**2.4**	**2.2**	**36.2**
Net book value of investments	**31.1**	**3.0**	**4.0**	**38.1**	**31.6**	**2.4**	**2.2**	**36.2**

With regard to Govia's activities of in the UK, operating companies are required under contract to retain a level of liquidity such that the public service can be guaranteed in the event of the operator's insolvency. This requires the operator to maintain a Liquidity Maintenance Ratio. The required amount is equal to a certain number of weeks of direct costs relating to the activity and must be maintained until the end of the franchise. This requirement means that the majority of the cash held by Govia under operational companies cannot be qualified as transferable to the Go-Ahead group, the majority shareholder in Govia. As such, the net cash position at year end is presented in net working capital.

However, the net assets held by the Keolis Group in the UK in Govia, amounting to €31.1 million at 31 December 2018, are fully available.

5.5. Current and non-current financial assets

(€ million)	Equity instruments measured at		Debt instruments measured at		Derivative assets	Concession financial assets	Total
	"Fair value" by "Profit/loss"	"Fair value by "OCI" not recyclable in P&L	Amortised cost by profit/loss	"Fair Value" by Profit/Loss			
At 31 December 2018							
Gross value	2.4	15.5	204.6	-	3.3	78.3	**304.1**
Impairment	-	-	-	-	-	-	**-**
Net value	**2.4**	**15.5**	**204.6**	**-**	**3.3**	**78.3**	**304.1**
■ Of which less than 1 year	-	-	18.3		3.3	-	**21.6**
■ Of which more than 1 year	2.4	15.5	186.2	-	-	78.3	**282.5**

5.6. Inventories

(€ million)	**31/12/2018**	31/12/2017
Gross inventories	127,3	108.5
Provisions	(3,2)	(5.2)
NET INVENTORIES	**124,1**	**103.3**

5.7. Trade and other receivables

(€ million)	**31/12/2018**	31/12/2017
Trade receivables	563.7	442.7
Advances and down payments on orders	12.7	10.0
Amortisation of accounts receivable	(11.6)	(11.4)
TRADE RECEIVABLES	**564.8**	**441.3**
Receivables from staff and welfare agencies	5.1	3.6
Central government and local authorities	326.2	309.6
Prepayments	43.8	21.4
Other[1]	211.6	180.7
Depreciation of other debtors	(1.1)	(1.2)
OTHER RECEIVABLES	**585.6**	**514.2**
TOTAL	**1,150.4**	**955.5**

(1) Other receivables for 2018 include €66 million representing the Australian Department for Transport's guarantee on extra holiday rights; these rights appear under liabilities as payables to staff

5.8. Cash and cash equivalents

Analysis by type

(€ million)	**31/12/2018**	31/12/2017
Cash	**333.8**	271.3
Short term investments	**1.1**	5.1
TOTAL RECOGNISED AS ASSETS	**334.9**	**276.5**
Including cash to be kept available locally(1)	***43,9***	-
Bank overdrafts	**(198,3)**	**(166.8)**
NET CASH AND CASH EQUIVALENTS	**136,6**	**109.6**

(1) In the United Kingdom, the operating companies are required by contract to maintain a certain level of liquidity such that the public service can be guaranteed in the event of the operator's insolvency. This requires the operator to maintain a "Liquidity Maintenance Ratio" or "Financial Ratio". The required amount is equal to a certain number of weeks of direct costs relating to the activity, or an amount sufficient to meet the "Financial Ratio" and must be maintained until the end of the franchise.

Cash equivalents include highly liquid short-term investments that are easily convertible into a known amount of cash and present no significant risk of loss of value.

The Group takes the view that its UCITS classified by the AMF (French financial markets authority) as "euro money-market" meet the criteria necessary to classify them as cash equivalents.

The Group carried out a transaction to monetise trade receivables on 30 June 2018. No transaction of this type was conducted on 31 December 2018. The amount of receivables monetised at 31 December 2017 was €28.1 million.

In December 2018, contrary to previous years, the receivable arising from the CICE implemented by the French government and recognised by the French consolidated tax groups was not subject to a «Dailly» sale.

5.9. Equity

Share capital and share premium

At 31 December 2018, the share capital was €412.8 million, comprising 34,402,723 ordinary shares with a nominal value of 12 euros each. No diluting instrument was issued during the financial year ended 31 December 2018.

The Group's borrowing contracts do not include any mandatory gearing ratio clauses.

Treasury shares

At 31 December 2018, Keolis S.A. held no treasury shares and was not a party to any purchase or sale option relating to Keolis S.A. shares.

Distributable reserves and earnings

At 31 December 2018, Keolis S.A. held distributable reserves and earnings of €56.9 million. The loss for the year amounted to €2.1 million.

Non-controlling interests

The main investments not giving control are Keolis Downer, KDR Victoria Pty Ltd, Keolis Commuter Services LLC and Australian Transit Enterprises.

Foreign exchange translation reserve

The following were the main exchange rates against the euro used for the 2018 and 2017 financial years:

(For 1 euro)	**2018**		2017	
	Average rate	**Closing rate**	Average rate	Closing rate
Pound Sterling	**0.884706**	**0.894530**	0.876834	0.887200
Australian Dollar	**1.579678**	**1.622000**	1.472852	1.534600
Danish Crown	**7.453168**	**7.467300**	7.438615	7.444900
Swedish Crown	**10.258258**	**10.254800**	9.633786	9.843800
Norwegian Crown	**9.597493**	**9.948300**	9.326170	9.840300
US Dollar	**1.180955**	**1.145000**	1.129877	1.199300
Canadian Dollar	**1.529365**	**1.560500**	1.464183	1.503900
Indian Rupee	**80.733238**	**79.729800**	73.556827	76.605500

5.10. Financial debt and long-term borrowings

In 2018, two credit lines were was arranged by Keolis S.A.:

- a €15 million variable rate loan to finance rolling stock, repayable in instalments over 8 years, arranged and drawn down on 27 December 2018. This loan is fully hedged by a matched derivative financial instrument;
- a fixed rate loan of €10 million, repayable in instalments over 3 years to replace a previous €7 million loan repayable in instalments. The amount was drawn down on 3 December 2018.

Financial debt breakdown by type

(€ million)	At 31 December 2018		
	Amounts in the statement of financial position	**Term**	**Rates**
Finance leasing	1.3	2019	**Variable rates**
Finance leasing	35.2	2019	**Fixed rates**
Derivatives	0.8	2019	**-**
Loans	8.2	2019	**Fixed rates**
Loans	62.9	2019	**Variable rates**
SUBTOTAL LESS THAN 1 YEAR	**108.4**		
Finance leasing	3.6	2020-2033	**Variable rates**
Finance leasing	79.5	2020-2033	**Fixed rates**
Employee profit-sharing	0.5	2019-2021	**Fixed rates**
Loans	83.0	2020-2030	**Fixed rates**
Loans	159.0	2020-2031	**Variable rates**
SUBTOTAL MORE THAN 1 YEAR	**325.7**		
TOTAL	**434.1**		

(€ million)	At 31 December 2017		
	Amounts in the statement of financial position	**Term**	**Rates**
Finance leasing	1.8	2018	**Variable rates**
Finance leasing	39.0	2018	**Fixed rates**
Owed to non-controlling shareholders (put option)	-	2018	**-**
Derivatives	0.9	2018	**-**
Loans	17.5	2018	**Fixed rates**
Loans	15.3	2018	**Variable rates**
SUBTOTAL LESS THAN 1 YEAR	**74.4**		
Finance leasing	4.9	2019-2029	**Variable rates**
Finance leasing	97.0	2019-2029	**Fixed rates**
Employee profit-sharing	0.4	2019-2021	**Fixed rates**
Derivatives	-		
Loans	93.9	2019-2029	**Fixed rates**
Loans	198.7	2019-2029	**Variable rates**
SUBTOTAL MORE THAN 1 YEAR	**394.9**		
TOTAL	**469.3**		

Financial debt breakdown by maturity

(€ million)	Maturity							
	2019	2020	2021	2022	2023	2024 - 2029	After 2029	Total
Finance leasing	36.6	37.5	18.6	13.3	8.0	5.8	-	119.7
Other liabilities	71.9	66.7	33.1	40.2	75.8	26.9	-	314.5
TOTAL	**108.4**	**104.2**	**51.6**	**53.5**	**83.7**	**32.7**	**-**	**434.2**

Statement of changes in financial debt

(€ million)	At 31 December 2017	Increase	Decrease	Changes in reporting scope	Impact of exchange rate	Other	At 31 December 2018
Finance leasing	40.8	10.8	(14.4)	(0.1)	(0.4)	(0.3)	36.6
Owed to non-controlling shareholders (put option)	-	-	-	-	-	-	-
Derivatives	0.9	-	-	-	-	(0.1)	0.8
Loans	32.7	50.5	(14.6)	1.1	(0.4)	1.8	71.1
SUBTOTAL, LESS THAN 1 YEAR	**74.4**	**61.3**	**(29.0)**	**1.0**	**(0.8)**	**1.4**	**108.4**
Finance leasing	101.9	19.4	(41.9)	4.6	(0.5)	(0.3)	83.2
Employee profit-sharing	0.4	-	-	-	-	-	0.5
Derivatives	-	-	-	-	-	-	-
Loans	292.6	53.6	(102.5)	1.3	(1.7)	(1.3)	242.0
SUBTOTAL, MORE THAN 1 YEAR	**394.9**	**72.9**	**(144.4)**	**5.9**	**(2.3)**	**(1.5)**	**325.7**
TOTAL	**469.3**	**134.3**	**(173.3)**	**6.9**	**(3.0)**	**(0.1)**	**434.1**

Mandatory financial ratios

Contracts held by Keolis S.A. do not require compliance with any specific financial ratios.

The Group's contracts, and those of its subsidiaries, include cross acceleration clauses. If the Group or, under certain conditions, its largest subsidiaries do not comply with their commitments, lending institutions may claim default and early reimbursement of a major portion of the Group's debt.

Taking account of the spread of this financing among various subsidiaries and the quality of the Group's liquidity resources, the existence of these clauses does not create a material risk to the Group's financial situation.

In 2014 the Group introduced monitoring of the financial ratios relating to the financing of the Group and its subsidiaries in order to anticipate any adverse changes to these ratios.

5.11. Financial assets and liabilities by category

31/12/2018			TOTAL	Financial instruments				Fair value				
Balance sheet item and instrument class € million	Non-current	Current	Net book value of class in statement of financial position	At fair value through equity	Loans, receivables, debt at amortised cost	At fair value through profit and loss	Qualified as hedging	Fair value of the class	Level 1	Level 2	Level 3	Net financial debt
Other loans and receivables	186.2	18.3	204.6	-	204.6	-	-	204.6	-	204.5	-	204.6
Financial assets for concessions	78.3	-	78.3	-	78.3	-	-	78.3	-	78.3	-	-
SUB-TOTAL OF LOANS AND RECEIVABLES	**264.5**	**18.3**	**282.8**	**-**	**282.8**	**-**	**-**	**282.8**	**-**	**282.8**	**-**	**204.6**
Pension assets	-	-	-	-	-	-	-	-	-	-	-	-
Available for sale (AFS) assets	17.9	-	17.9	17.9	-	-	-	17.9	-	9.1	8.8	-
Assets at fair value, recognised in profit and loss	-	0.1	0.1	-	-	0.1	-	0.1	-	0.1	-	0.1
Positive fair value of hedging instruments	-	1.9	1.9	-	-	-	1.9	1.9	-	1.9	-	1.9
Positive fair value of trading derivatives	-	1.4	1.4	-	-	1.4	-	1.4	-	1.4	-	1.4
Cash and cash equivalents	-	334.8	334.8	-	-	334.8	-	334.8	1.0	333.8	-	334.8
TOTAL CURRENT AND NON-CURRENT FINANCIAL ASSETS	**282.4**	**356.5**	**638.9**	**17.9**	**282.8**	**336.2**	**1.9**	**638.9**	**1.1**	**629.0**	**8.8**	**542.8**
Bank borrowings	241.9	70.4	312.3	-	312.3	-	-	312.3	-	312.3	-	312.3
Finance leasing	83.2	36.6	119.7	-	119.7	-	-	119.7	-	119.7	-	119.7
SUB-TOTAL OF BORROWINGS	**325.1**	**106.9**	**432.0**	**-**	**432.0**	**-**	**-**	**432.0**	**-**	**432.0**	**-**	**432.0**
of which:												
- measured at amortised cost	*325.1*	*106.9*	*432.0*	-	*432.0*	-	-	*432.0*	-	*432.0*	-	*432.0*
- subject to fair value hedge accounting	-	-	-	-	-	-	-	-	-	-	-	-
- measured according to the "fair value" option	-	-	-	-	-	-	-	-	-	-	-	-
Negative fair value of hedging instruments	-	0.6	0.6	-	-	-	0.6	0.6	-	0.6	-	0.6
Negative fair value of trading derivatives	-	0.1	0.1	-	-	0.1	-	0.1	-	0.1	-	0.1
BORROWINGS AND FINANCIAL DEBT	**325.1**	**107.7**	**432.8**	**-**	**432.0**	**-**	**0.6**	**432.8**	**-**	**432.8**	**-**	**432.8**
Bank loans and overdrafts	-	199.1	199.1	-	199.1	-	-	199.1	-	199.1	-	199.1
Debts relating to commitments to purchase non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**325.1**	**306.8**	**631.9**	**-**	**631.1**	**-**	**0.6**	**631.9**	**-**	**631.9**	**-**	**631.9**
GROUP NET FINANCIAL DEBT	**138.8**	**(49.7)**	**89.1**	**-**	**426.5**	**(336.2)**	**(1.3)**	**89.1**	**(1.1)**	**90.2**	**-**	**89.1**

31/12/2017			TOTAL	Financial instruments				Fair value				
Balance sheet item and instrument class *€ million*	Non-current	Current	Net book value of class in statement of financial position	At fair value through equity	Loans, receivables, debt at amortised cost	At fair value through profit and loss	Qualified as hedging	Fair value of the class	Level 1	Level 2	Level 3	Net financial debt
Other loans and receivables	93.4	17.9	111.2	-	111.2	-	-	111.2	-	111.2	-	111.2
Financial assets for concessions	162.6	-	162.6	-	162.6	-	-	162.6	-	162.6	-	-
SUB-TOTAL OF LOANS AND RECEIVABLES	**255.9**	**17.9**	**273.8**	**-**	**273.8**	**-**	**-**	**273.8**	**-**	**273.7**	**-**	**111.2**
Pension assets	-	-	-	-	-	-	-	-	-	-	-	-
Available for sale (AFS) assets	29.1	-	29.1	29.1	-	-	-	29.1	-	10.3	18.8	-
Assets at fair value, recognised in profit and loss	-	-	-	-	-	-	-	-	-	-	-	-
Positive fair value of hedging instruments	-	0.1	0.1	-	-	-	0.1	0.1	-	0.1	-	0.1
Positive fair value of trading derivatives	-	1.7	1.7	-	-	1.7	-	1.7	-	1.7	-	1.7
Cash and cash equivalents	-	276.4	276.4	-	-	276.4	-	276.4	5.1	271.4	-	276.4
TOTAL CURRENT AND NON-CURRENT FINANCIAL ASSETS	**285.0**	**296.0**	**581.0**	**29.1**	**273.8**	**278.1**	**0.1**	**581.0**	**5.1**	**557.1**	**18.8**	**389.4**
Bank borrowings	292.5	32.3	324.8	-	324.8	-	-	324.8	-	324.8	-	324.8
Finance leasing	101.9	40.8	142.7	-	142.7	-	-	142.7	-	142.7	-	142.7
SUB-TOTAL OF BORROWINGS	**394.3**	**73.2**	**467.5**	**-**	**467.5**	**-**	**-**	**467.5**	**-**	**467.5**	**-**	**467.5**
of which:												
- measured at amortised cost	*394.3*	*73.2*	*467.5*		*467.5*	-	-	*467.5*	-	*467.5*	-	*467.5*
- subject to fair value hedge accounting	-	-	-	-	-	-	-	-	-	-	-	-
- measured according to the "fair value" option	-	-	-	-	-	-	-	-	-	-	-	-
Negative fair value of hedging instruments	-	0.4	0.4	-	-	-	0.4	0.4	-	0.4	-	0.4
Negative fair value of trading derivatives	-	0.5	0.5	-	-	0.5		0.5	-	0.5	-	0.5
BORROWINGS AND FINANCIAL DEBT	**394.3**	**74.0**	**468.4**	**-**	**467.5**	**0.4**	**0.4**	**468.3**	**-**	**468.4**	**-**	**468.4**
Bank loans and overdrafts	-	167.4	167.4	-	167.4	-	-	167.4	-	167.4	-	167.4
Debts relating to commitments to purchase non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	**394.3**	**241.4**	**635.8**	**-**	**634.9**	**0.4**	**0.4**	**635.6**	**-**	**635.7**	**-**	**635.8**
GROUP NET FINANCIAL DEBT	**301.0**	**(54.6)**	**246.4**	**-**	**523.6**	**(277.7)**	**0.4**	**246.4**	**(5.1)**	**251.5**	**-**	**246.4**

5.12. Risk management and financial derivatives

The Group uses derivative financial instruments to manage exposure to financial market risks resulting from its operational, financial and investment activities:

- Interest rate risk;
- Foreign exchange risk;
- Commodities risk.

As at 31 December 2018, the Group held derivative instruments:

- eligible for hedge accounting and recognised as cash flow hedges (CFH);
- or non-eligible for hedge accounting and recognised in trading.

Fair values are calculated by using standard valuation methods and on a basis of mid-market conditions commonly used in the financial markets. The market data used is level 2 under the terms of IFRS 13.

The impacts on performance and the financial position of derivatives are presented in the table below:

(€ million)			Other comprehensive income account (OCI) (reclassifiable as income)		Latent financial income/ (expense)	Non-reclassifiable reserves		
Underlying asset	Hedge accounting	Fair value (inc. premiums) at 31/12/2017	Change [1]	Reclassified [2]	Change [3]	Change Impact on FTA(4)	Fair value (excl. premium) at 31/12/2018	Premium to be amortised at 31/12/2018
Interest rates	CFH	(0.4)	(3.1)	1.3	-	-	(0.5)	(1.6)
Interest rates	Trading	-	-	-	-	-	-	-
TOTAL INTEREST RATES		**(0.4)**	**(3.1)**	**1.3**	**-**	**-**	**(0.5)**	**(1.6)**
Currency	NIH	-	(1.8)	-	-	-	1.8	(3.6)
Currency	Trading	1.1	-	-	0.1	-	1.2	-
TOTAL CURRENCY		**1.1**	**(1.8)**	**-**	**0.1**	**-**	**3.0**	**(3.6)**
Commodities	CFH	2.0	(5.5)	(5.1)	-	0.8	(8.0)	-
Commodities	Trading	(0.1)	-	-	(0.1)	-	(0.1)	-
TOTAL COMMODITIES		**1.8**	**(5.5)**	**(5.1)**	**(0.1)**	**0.8**	**(8.1)**	**-**
TOTAL		**2.7**	**(10.4)**	**(3.8)**	**-**	**0.8**	**(5.6)**	**(5.2)**

(1) Share of changes in market fair values, which have impacted the other comprehensive income account (reclassifiable reserves) for the financial year.
(2) Reclassifications from equity have an impact on financial income / (expense).
(3) Share of change in fair values that impacted financial income (expense) for the financial year.
(4) Impact of first application of IFRS 9.

Derivative instruments are recognised in the statement of financial position at their fair value for the following amounts:

(€ million	**31/12/2018**			31/12/2017		
	Non-current	**Current**	**Total**	Non-current	Current	Total
Derivative assets						
Cash flow hedges	-	1.9	**1.9**	-	1.9	1.9
Fair value hedges	-	-	**-**	-	-	-
Transaction hedges	-	1.4	**1.4**	-	1.6	1.6
Net foreign investment hedges	-	-	**-**	-	-	-
TOTAL DERIVATIVE INSTRUMENTS - ASSETS	**-**	**3.3**	**3.3**	**-**	**3.5**	**3.5**
Derivative liabilities						
Cash flow hedges	-	0.6	**0.6**	-	0.4	0.4
Fair value hedges	-	-	**-**	-	-	-
Transaction hedges	-	0.1	**0.1**	-	0.5	0.5
Net foreign investment hedges	-	-	**-**	-	-	-
TOTAL DERIVATIVE INSTRUMENTS - LIABILITIES	**-**	**0.8**	**0.8**	**0.2**	**0.9**	**0.9**

The following table presents, by type of risk, the economic connection between derivatives and the items hedged.

2018	FV hedges	Change in FV hedges	Change in FV of item hedged	Ineffectiveness of hedging
CFH				
Rates	(0.5)	(0.2)	0.2	-
FX	1.8	1.8	(1.8)	-
Commodities	(7.9)	(9.8)	9.8	-
TRADING				
Rates	-	-	-	-
FX	1.2	0.1	-	-
Commodities	(0.2)	(0.2)	-	-

2017	FV derivatives	Change in FV derivatives	Change in FV of item hedged	Ineffectiveness of hedge
CFH				
Rates	(0.4)	0.3	(0.3)	-
FX	-	-	-	-
Commodities	2.0	(0.5)	0.5	-
TRADING				
Rates	-	-	-	-
FX	1.1	0.1	-	-
Commodities	(0.1)	-	-	-

The impact on reclassifiable equity (other comprehensive income) is as follows:

(€ million)	Reclassified Equity
AT 1 JANUARY 2017	**2.6**
Recycled in Profit & Loss	**(0.2)**
Change in effective value on cash flow hedge instruments	**0.1**
Interest rate hedging	(0.1)
Foreign exchange hedging	-
Including future transactions hedged	-
Price risk hedging	0.2
Change in cost of hedging	**-**
Interest rate hedging	-
Foreign exchange hedging	-
Price risk hedging	-
AT 31 DECEMBER 2017	**2.4**
AT 1 JANUARY 2018	**2.4**
Recycled in Profit & Loss	**(3.8)**
Change in effective value on cash flow hedge instruments	**(5.3)**
Interest rate hedging	(1.6)
Foreign exchange hedging	-
Including future transactions hedged	1.8
Price risk hedging	(5.5)
Change in cost of hedging	**(5.2)**
Interest rate hedging	(1.6)
Foreign exchange hedging	(3.6)
Price risk hedging	-
AT 31 DECEMBER 2018	**(11.9)**

Breaking of hedging relationships

A hedging relationship is broken from the point that the conditions ensuring its effectiveness are no longer fulfilled under the standard IFRS 9, or when the related derivative instrument reaches its settlement date, is cancelled or sold. Furthermore, the Group may at any time decide to end a hedging relationship. In this case, the hedging relationship no longer applies.

2018	Balance of hedging reserves on maintained hedging relationships	Balance of hedging reserves on terminated hedging relationships	Hedging reserves reclassified as the hedged element has impacted profit	Hedging reserves reclassified as the hedged element is no longer realisable
CFH				
Rates	(2.1)	-	1.3	-
FX	(1.8)	-	-	-
Commodities	(8.0)	-	(5.1)	-

2017	Balance of hedging reserves on maintained hedging relationships	Balance of hedging reserves on terminated hedging relationships	Hedging reserves reclassified as the hedged element has impacted profit	Hedging reserves reclassified as the hedged element is no longer realisable
CFH				
Rates	(0.3)	-	0.5	-
FX	-	-	-	-
Commodities	2.6	-	(0.7)	-

Management of interest rate risk

The exposure of the Group to interest rate risk stems from its net financial debt. The Group covers this risk by using derivative financial instruments.

Derivative financial instruments eligible for hedge accounting are recognised under cash flow hedges. The derivative financial instruments that are not eligible are recognised under trading.

The environment of negative interest rates has created an asymmetric position between the floored debt and certain hedging instruments. This asymmetry, which creates inefficiency under the meaning of IFRS 9, resulted in these instruments being reclassified under trading.

The breakdown of the Group's net debt is as follows:

(€ million)	**At 31 December 2018**	At 31 December 2017
Financial debt and long-term borrowings	**434.1**	**469.3**
Cash and cash equivalents	**(136.6)**	**(109.6)**
Accrued interest receivable	(0.8)	(0.3)
Loans and receivables	(162.5)	(81.9)
Deposits and guarantees	(41.3)	(29.0)
Derivative assets	(3.3)	(1.6)
Profit sharing	(0.5)	(0.4)
NET FINANCIAL DEBT	**89.1**	**246.4**

The Group is exposed to interest rate variability on the variable rate portion of its net financial debt.

The interest rate breakdown of financial debt and borrowings before and after derivative instruments (hedging and trading) is as follows:

(€ million)	Initial debt structure		Structure after hedging	
	31/12/2018	31/12/2017	**31/12/2018**	31/12/2017
Fixed rate	185.6	247.8	331.2	337.7
Variable rate	248.4	221.6	102.9	131.7
TOTAL BORROWINGS AND DEBT	**434.1**	**469.3**	**434.1**	**469.3**

Analysis of sensitivity

At 31 December 2018, on the basis of the debt structure at 31 December 2018, an immediate 50 basis points variation in the interest rate curve over the remaining life of the debt (maximum 8 years) would change the annual borrowing cost as follows.

(€ million)	**+50 bp Income**	**+50 bp Reclassified**	**-50 bp Income**	**-50 bp Reclassified**
Variable rate financial derivatives (after effect of fair value hedges)	(2.5)	-	1.9	-
Liabilities at fair value by option	-	-	-	-
Derivatives not qualifying as hedges	-	-	-	-
Derivatives qualifying as cash flow hedges	-	1.2	-	(1.2)
ANALYSIS OF SENSITIVITY	**(2.5)**	**1.2**	**1.9**	**(1.2)**

Derivative financial instruments on interest rates are recorded in the statement of financial position at their fair value for the following amounts:

(€ million)	Fair value in the balance sheet as at 31/12/2018					Fair value in the balance sheet restated as at 31/12/2017				
	Cash flow hedge	Fair value hedge	Trading	Hedge of a net investment in a foreign operation	**TOTAL**	Cash flow hedge	Fair value hedge	Trading	Hedge of a net investment in a foreign operation	**TOTAL**
Fixed-rate receiver swaps	0.1	-	-	-	0.1	0.3	-	-	-	0.3
DERIVATIVE INSTRUMENTS – ASSETS	**0.1**	**-**	**-**	**-**	**0.1**	**0.4**	**-**	**-**	**-**	**0.4**
Fixed-rate receiver swaps	-	-	-	-	-	0.3	-	-	-	0.3
Fixed-rate payer swaps	0.6	-	-	-	0.6	0.7	-	-	-	0.7
DERIVATIVE INSTRUMENTS – LIABILITIES	**0.6**	**-**	**-**	**-**	**0.6**	**1.0**	**-**	**-**	**-**	**1.0**
INTEREST RATE NET POSITION	**(0.7)**	**-**	**-**	**-**	**(0.6)**	**(0.6)**	**-**	**-**	**-**	**(0.7)**

The nominal amounts of derivative financial instruments are detailed below:

(€ million)	31/12/2018		31/12/2017	
	Net long term debt	**Net short term debt**	Net long term debt	Net short term debt
Fixed-rate receiver swaps	-	-	-	-
Fixed-rate payer swaps	106.2	12.3	78.4	11.5
Index swaps	-	-	-	-
Interest rate options	5.0	-	-	-

All of the interest rate hedging instruments held at 31 December 2018 mature between 2019 and 2026.

Foreign exchange risk management

The Group has put in place intra-group loans denominated in foreign currency and recognised in current accounts. In order to cover the resulting foreign exchange risk, the Group uses derivative financial instruments which allow it to fix the exchange rate of these intra-group loans.

The derivative financial instruments held by the Group are considered trading instruments under IAS 39.

Derivative financial instruments are recognised in the statement of financial position at their fair value at the following amounts:

(€ million)	Fair value in the balance sheet as at 31/12/2018					Fair value in the balance sheet restated as at 31/12/2017				
	Cash flow hedge	Fair value hedge	Trading	Hedge of a net investment in a foreign operation	**TOTAL**	Cash flow hedge	Fair value hedge	Trading	Hedge of a net investment in a foreign operation	**TOTAL**
Currency swaps	-	-	1.4	-	1.4	-	-	1.6	-	1.6
DERIVATIVE ASSETS	**-**	**-**	**1.4**	**-**	**1.4**	**-**	**-**	**1.6**	**-**	**1.6**
Currency swaps	-	-	-	-	-	-	-	0.5	-	0.5
Future currency purchases	-	-	0.1	-	0.1	-	-	-	-	-
DERIVATIVE LIABILITIES	**-**	**-**	**0.1**	**-**	**0.1**	**-**	**-**	**0.5**	**-**	**0.5**
NET POSITION / FOREIGN EXCHANGE	**-**	**-**	**1.2**	**-**	**1.2**	**-**	**-**	**1.1**	**-**	**1.1**

The derivative financial instruments hedge mainly transactions in the following currencies: AED, AUD, CAD, DKK, GBP, NOK, SEK, and USD.

All of the foreign exchange hedging derivatives held at 31 December 2018 mature in 2019.

Management of risk of fluctuations in commodities prices

Within the scope of its activities, the Group is exposed to a risk of fluctuation in the price of certain commodities, in particular diesel. The Group covers this risk by using derivative financial instruments. In 2018 Keolis hedged 80% of exposed diesel volumes;

Derivative financial instruments eligible for hedge accounting are recognised under cash flow hedges as described by IAS 39. The derivative financial instruments that are not eligible are recognised under trading.

The derivative instruments are recognised in the statement of financial position at their fair value at the following amounts:

(€ million)	Fair value in the balance sheet as at 31/12/2018				Fair value in the balance sheet restated as at 31/12/2017			
	Cash flow hedge	Fair value hedge	Trading	TOTAL	Cash flow hedge	Fair value hedge	Trading	**TOTAL**
Swaps on petroleum products	0.2	-	-	0.2	1.7	-	-	1.7
Future contracts on currency - assets	-	-	-	-	0.2	-	-	0.2
DERIVATIVES ON COMMODITIES - ASSETS	**0.2**	**-**	**-**	**0.2**	**1.9**	**-**	**-**	**1.9**
Swaps on petroleum products	8.2	-	0.2	8.3	-	-	-	-
DERIVATIVES ON COMMODITIES – LIABILITIES	**8.2**	**-**	**0.2**	**8.3**	**-**	**-**	**-**	**-**
NET POSITION ON COMMODITIES	**(7.9)**	**-**	**(0.2)**	**(8.1)**	**1.9**	**-**	**-**	**1.9**

At 31 December 2018 the commodity price derivatives represent a volume of 148,079 tonnes:

Volumes in tonnes	Maturing in less than a year	Maturing in 1 to 5 years
Swaps and tunnels on diesel reference	68,807	79,272

Counterparty risk

The transactions generating a potential counterparty risk for the Group are as follows:

- cash deposits;
- derivative financial instruments;
- trade receivables.

In 2013, the Group established and implemented a counterparty risk procedure for bank counterparties relating to its investments and derivative financial instruments. This procedure is based on the principles set out below:

- Definition of three categories within which the Group's bank counterparties are divided:
  - Authorised Banks;
  - Banks under supervision;
  - Non-Authorised Banks.

These categories are defined based on criteria specific to banks (rating) or Keolis (Group financing).

- Cash investments and derivative financial instruments are only undertaken with counterparties that belong to the «Authorised Banks» category;
- The portfolio of cash investments complies with weighting restrictions;
- The «fair value at risk» (fair value in favour of the Group) of the portfolio of derivative financial instruments is monitored regularly so as to spread the risk over various counterparties;
- The banks and categories are monitored regularly.

If a bank that is a Group counterparty is removed from the «Authorised Bank» category, the portfolio of derivative financial instruments is restructured so as to comply once again with the category criteria.

At 31 December 2018:

- All the investments made and all the derivative financial instruments held by the Group were established with bank counterparties in the «Authorised Bank» category;
- The analysis of fair values at risk indicates that there is no major counterparty risk to report.

Finally, the credit and debit valuation adjustment calculations for the counterparty risk, as required by IFRS 13, indicate that the counterparty risk related to the valuation of the Group's portfolios of derivative financial instruments is negligible.

Liquidity risk

On 27 July 2018, after securing the approval of all the banks, Keolis extended the maturity date of its €900 million syndicated loan to 27 July 2023, with the option of extending it by a further year in 2019 and 2020 subject to the universal approval of the loan syndicate. The maturity of the loan could thus be extended to 27 July 2025.

The €900 million syndicated loan is available to GROUPE KEOLIS S.A.S. and Keolis S.A. At 31 December 2018, the available, confirmed and undrawn syndicated credit facility is €390 million.

To finance the acquisition of rolling stock, Keolis S.A. took out a €15 million variable rate loan, repayable in instalments over 8 years which was drawn down on 27 December 2018. This loan is fully hedged by a matched derivative financial instrument.

Keolis S.A. arranged a fixed rate loan of €10 million, repayable in instalments over 3 years to replace a previous €7 million loan repayable in instalments.

The following table shows the reimbursement schedule Keolis S.A.'s credit lines (excluding the syndicated loan) and the profile of the corresponding forecasted interest charges after taking into account interest rate hedging.

(€ million)	**≤ 1 year**	**2 years**	**From 3 to 5 years**	**> 5 years**
Financial debt	10.8	10.8	25.5	11.3
Debt expense	(0.7)	(0.6)	(1.0)	(0.2)
■ of which interest rate hedges	(0.3)	(0.3)	(0.6)	(0.1)

The forecasted interest charges on the debt are calculated on the gross debt on the basis of the interest rate on 31 December 2018, to which is added the Group's interest margin.

The Group ensures that it has sufficient resources to meet its financial obligations.
To do so, each year the Group prepares a table of projected cash flows several years into the future to identify financing requirements and their seasonality.

5.13. Provisions

Analysis by type

(€ million)	At 31 December 2018			At 31 December 2017		
	More than a year	Less than a year	Total	More than a year	Less than a year	Total
Pensions	139.1	4.6	**143.7**	139.1	7.0	146.2
Other employee benefits	24.3	1.7	**26.0**	26.8	0.8	27.6
Employment and tax risks	11.0	31.1	**42.1**	9.8	22.6	32.5
Losses on contract termination and loss-making contracts	0.4	(0.4)	**-**	-	-	-
Contract fines	-	-	**-**	-	-	-
Major repairs and maintenance	0.2	1.9	**2.1**	6.4	13.8	20.2
Other	13.7	11.9	**25.6**	8.1	1.7	9.8
TOTAL	**188.7**	**50.8**	**239.5**	**190.2**	**45.9**	**236.3**

Movements during the financial year

(€ million)	01/01/2018	Charges	Reversals	Changes in reporting scope	Other movements	31/12/2018
Pensions	146.2	6.4	(8.2)	6.2	(6.9)	143.7
Other employee benefits	27.6	0.5	(0.8)	1.0	(2.2)	26.0
Employment and tax risks	32.5	18.9	(9.0)	-	1.5	43.9
Losses on contract termination and loss-making contracts	-	-	-	-	-	-
Contract fines	-	-	-	-	-	-
Major repairs and maintenance	20.3	2.6	(12.5)	-	1.1	11.4
Other	9.8	10.1	(2.2)	0.3	0.3	18.1
TOTAL	**236.3**	**38.5**	**(32.7)**	**7.5**	**(6.2)**	**243.1**

(€ million)	01/01/2017	Charges	Reversals	Changes in reporting scope	Other movements	31/12/2017
Pensions	140.7	11.4	(14.3)	0.1	8.3	146.2
Other employee benefits	31.4	2.4	(2.0)	-	(4.3)	27.6
Employment and tax risks	30.9	13.0	(12.3)	0.6	0.3	32.5
Losses on contract termination and loss-making contracts	2.6	-	(2.6)	-	-	-
Contract fines	2.3	-	(2.3)	-	-	-
Major repairs and maintenance	28.8	2.8	(11.7)	-	0.3	20.2
Other	9.7	2.8	(2.7)	0.6	(0.6)	9.8
TOTAL	**246.3**	**32.4**	**(47.9)**	**1.3**	**4.0**	**236.3**

Pensions and similar benefits

The amount of commitments recognised in the statement of financial position breaks down as follows:

(€ million)	At 31 December 2018	At 31 December 2017
Commitments recorded in the statement of financial position:		
Pensions and other post-employment benefits	143.7	146.3
Other employee benefits	26.0	27.6
TOTAL	**169.7**	**173.9**
Of which:		
■ Non-current	161.9	166.1
■ Current	7.8	7.8

Pensions and other post-employment benefits

Actuarial assumptions

The following are the main actuarial assumptions adopted in evaluating pension commitments under the defined benefit schemes:

	At 31 December 2018			At 31 December 2017	
(per cent)	France	United Kingdom (1)	Canada	France	Canada
Discount rate	1.26	-	3.65	0.88	3.25
Rate of increase in salaries	2.4-6.8	-	N/A	2.40-7.00	N/A
Expected rate of return on assets	1.26	-	3.25	0.88	3.45

(1) detailed information unavailable to date, Wales & Borders entering the consolidation

The plan assets break down as follows:

	At 31 December 2018			At 31 December 2017	
(€ million)	France	United Kingdom (1)	Canada	France	Canada
Equities	0.1	-	0.4	0.1	1.2
Bonds	0.3	-	5.2	0.4	5.5
Real estate	-	-	-	-	-
Other	0.1	-	0.1	0.1	0.1

(1) detailed information unavailable to date, Wales & Borders entering the consolidation scope

The sensitivity to discount rates, in relation to the assumptions adopted is as follows:

(€ million)	Commitment at 31/12/2018	Service cost 2019	Financial cost 2019
discount rate less 0.25%	152.3	15.4	1.7
discount rate (base assumption)	143.4	9.8	2.0
discount rate plus 0.25%	143.7	10.0	2.4

Commitments recorded in the statement of financial position

The commitments recognised in the statement of financial position break down as follows:

(€ million)	**At 31 December 2018**	At 31 December 2017
Present value of non-financed liabilities	135.6	142.8
Present value of financed liabilities	14.4	10.6
PRESENT VALUE OF TOTAL LIABILITIES	**150.0**	**153.4**
Fair value of pension scheme assets	(6.3)	(7.2)
Asset plan ceiling (Canada)	-	0.2
PRESENT VALUE OF NET LIABILITIES RECOGNISED	**143.7**	**146.3**

Analysis of changes in liabilities and assets

The net present value of the liabilities comprises:

(€ million)	**31/12/2018**	31/12/2017
NET PRESENT VALUE OF LIABILITIES AT 1 JANUARY	**153.4**	**148.4**
Service cost	9.8	9.0
Financial cost (including Franchise Adjustment)	1.5	1.9
Benefits paid	(8.9)	(10.5)
Employee contributions	-	-
Changes in pension schemes	-	0.6
Actuarial gains/(losses)	(7.2)	7.1
Foreign exchange translation difference	(0.3)	(0.4)
Effect of changes in consolidation scope	6.2	(2.8)
Effect of reductions and pension scheme settlements	(4.5)	-
NET PRESENT VALUE OF LIABILITIES AT 31 DECEMBER	**150.0**	**153.4**

The fair value of the assets comprises:

(€ million)	**31/12/2018**	31/12/2017
FAIR VALUE OF PENSION PLAN ASSETS AT 1 JANUARY	**7.1**	**7,7**
Expected return on assets	0.2	0,2
Actuarial gains/(losses) on pension fund returns	(0.6)	0,3
Employer contributions	0.1	0,1
Employee contributions	-	-
Benefits paid	(0.7)	(0,6)
Foreign exchange translation differences	(0.2)	(0,4)
Effect of changes in consolidation scope	0.2	-
Effect of reductions and pension scheme settlements	0.2	(0,2)
FAIR VALUE OF PENSION PLAN ASSETS AT 31 DECEMBER	**6.3**	**7,1**

The following are the actuarial gains and losses both in the light of experience and due to changes in actuarial assumptions:

(€ million)	**31/12/2018**	31/12/2017
Impact of changes in assumptions	(9.1)	6.0
Losses/(gains) in the light of experience	2.5	0.8
ACTUARIAL LOSSES/(GAINS) FOR THE YEAR	**(6.6)**	**6.9**

The following is the geographical breakdown of the liabilities and assets:

(€ million)	At 31 December 2018			
	France	United Kingdom	Canada	Total
Present value of the liabilities	139.7	4.4	5.9	150.0
Fair value of pension scheme assets	(0.5)	-	(5.8)	(6.3)
Franchise adjustment / Asset ceiling (Canada)	-	-	-	-
NET PRESENT VALUE OF NET OBLIGATIONS	**139.2**	**4.4**	**0.1**	**143.7**

Benefit cost for the financial year

The cost of benefits recognised in the income statement breaks down as follows:

(€ million)	31/12/2018	31/12/2017
Service cost	9.8	9.0
Interest cost	1.5	1.9
Expected return on assets	(0.2)	(0.2)
Depreciation of past service costs	-	0.6
Changes in pension schemes	(4.7)	0.2
TOTAL EXPENSE RECOGNISED IN THE INCOME STATEMENT	**6.4**	**11.4**

The service cost is recognised within staff expenses.
The interest cost on liabilities and the expected return on the pension scheme assets are recognised as financial expense and financial income respectively.

Change in the net commitment recorded as a liability in the statement of financial position

(€ million)	31/12/2018	31/12/2017
OPENING PROVISION AT 1 JANUARY	**146.3**	**140.7**
Newly consolidated companies	6.2	(2.9)
Benefit cost for the financial year	6.3	11.4
Used benefits / (Contributions paid)	(8.3)	(10.0)
Provision charged to/(reversed from) equity	(6.6)	6.9
Foreign exchange translation differences and other changes	(0.2)	0.1
CLOSING PROVISION AT 31 DECEMBER	**143.7**	**146.3**

The cumulative movements in charges/(reversals) recognised directly in equity are as follows:

(€ million)	31/12/2018	31/12/2017
CUMULATIVE OPENING BALANCE OF CHARGES/(REVERSALS)	**51.9**	**38.8**
Actuarial (gains) / losses for the year	(6.6)	6.9
Foreign exchange translation differences and other changes	(0.2)	-
CUMULATIVE CLOSING BALANCE OF CHARGES/(REVERSALS)	**45.1**	**51.5**

Variations for the current financial year and for the three previous ones:

(€ million)	**31/12/2018**	31/12/2017	31/12/2016	31/12/2015
Present value of liabilities	150.0	153.3	148.4	141.3
Fair value of pension scheme assets	(6.3)	(7.2)	(7.7)	(7.2)
Franchise adjustment / Asset ceiling (Canada)	-	0.2	-	-
Surplus (deficit) of the pension scheme	**143.7**	**146.3**	**140.8**	**134.1**
Adjustments related to experience	2.5	0.8	(0.7)	2.2

Other employee benefits

Description of commitments and actuarial assumptions

Other employee benefits mainly consist of long-service awards to employees working in France and healthcare expenses of employees in the USA who have taken early retirement. These schemes are not funded by external assets (e.g. insurance policies). The obligations arising from these defined benefit schemes are measured using the same methods and assumptions as for the pension schemes.

The actuarial gains and losses arising from both experience and due to changes in actuarial assumptions are immediately recognised in the income statement for the financial year.

Analysis of movements in obligations

(€ million)	**01/01/2018**	Charge	Reversals	Change in scope	Foreign exch transl. diff & other	**31/12/2018**
France – long service awards	16.7	-	(0.8)	1.0	(0.1)	16.8
USA – healthcare expenses of early-retired employees	10.8	0.5	-	-	(2.1)	9.2
TOTAL	**27.6**	**0.5**	**(0.8)**	**1.0**	**(2.2)**	**26.0**

The change in the USA related to the provision for healthcare expenses recorded as part of the Boston tender award, counterbalanced by the recording of an intangible asset depreciated over the contract's duration.

5.14. Operating liabilities and other debt

(€ million)	**At 31 December 2018**	At 31 December 2017
Trade receivables: advances and deposits received	63.4	35.6
Trade payables	660.9	599.8
Payables to PPE suppliers	49.1	43.6
Payables to staff	527.1	491.1
Central government and local authorities	100.8	79.3
Deferred income	149.2	97.1
Other	151.7	114.9
TOTAL	**1,702.2**	**1,461.4**

6 ■ OTHER COMMITMENTS NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AND CONTRACTUAL COMMITMENTS

(€ million)	At 31 December 2018	At 31 December 2017
UNUTILISED CREDIT LINES	43.9	22.8
Guarantees given to secure debt	15.1	15.7
Guarantees given for operating commitments	1,055.0	827.9
Securities provided	0.1	
TOTAL COMMITMENTS MADE AND GUARANTEES GIVEN, EXCLUDING OPERATING LEASES	1,070.2	843.6

The amount of railway path access entitlements within the “Guarantees given for operating commitments” is €98.6 million at 31 December 2018 compared to €99.6 million at 31 December 2017.

The future minimum payments on operating lease contracts break down as follows:

(€ million)	At 31 December 2018	At 31 December 2017
Less than one year	251.6	192.5
One to five years	780.1	679.3
More than five years	738.4	373.0
TOTAL	1,770.1	1,244.9

Future commitments linked to leases primarily relate to the rental of transport equipment and buildings. They comprise €1,417.6 million internationally and €352.5 million in France. IT equipment rental contracts are in place for immaterial values.

France

Rental contracts

Contracts entered into on vehicles (buses and coaches) relate to average durations of:
- 7 to 8 years for buses and coaches,
- 3 or 4 years for minibuses.

The manufacturer’s buyback undertaking corresponds to the estimated market value of the vehicle at the end of the rental period.

Most of these contracts are entered into directly by the subsidiaries, with a guarantee signed by Keolis S.A. in favour of the financing bodies. This guarantee takes the form of an undertaking to continue the rental and binds Keolis S.A. only in terms of the payment of the rental amounts that remain due under the contract if the subsidiary defaults. In return, the financing body undertakes to keep the related vehicles available to the Group.

Outside France

We distinguish between railway contracts and bus contracts.

Railway contracts

Railway rental contracts are entered into for the term of the franchise.

Rentals under leases due in less than one year amount to €74.4 million.

Rentals under leases due in more than one year depend on the end date of each of the railway or similar franchises. They amount to €1,023.1 million.

Bus and coach contracts

Rental instalments outstanding on these contracts amount to €156.2 million.

As in France, Keolis S.A. is required to provide guarantees of rental payments on behalf of its foreign subsidiaries.

7 ■ DISPUTES

The estimates and underlying assumptions relating to current disputes are continuously re-examined. In particular, current disputes and litigation, especially with tax administrations or relating to appeals on tenders or on warranty claims, have been examined by the management with its advisers and lawyers for the purpose of assessing the risk they entail to the measurement of assets or liabilities.

The impact of changes in accounting estimates is recognised during the period of the change where they only affect that period, or during the period of the change and subsequent periods where the latter are also affected by the change.
Risks are measured at fair value and where appropriate a provision is made in the accounts (see note 5.13).

8 ■ RELATED PARTY TRANSACTIONS

Keolis S.A. is wholly owned by GROUPE KEOLIS S.A.S. 69.69% of GROUPE KEOLIS S.A.S. is owned by SNCF Participations and 30.00% by Caisse de Dépôt et Placement du Québec.

SNCF is a public company with an industrial and commercial activity whose capital is entirely owned by the French State.

8.1. Transactions with GROUPE KEOLIS S.A.S. and Groupe EFFIA

Transactions with GROUPE KEOLIS S.A.S. mainly correspond to general management services.

Transactions with Groupe EFFIA correspond to sub-contracting services.

8.2. Transactions with joint ventures and associates

Transactions with joint ventures and associates are performed according to normal market conditions.

8.3. Remuneration of the Group's key managers

The key managers in the Group are defined as being the company officers and directors of Keolis S.A. and the members of the Executive Committee. Remuneration and other short-term benefits paid to these directors amounted to €5.6 million for 11 people in 2018 compared to €4.8 million for 9 people in 2017.

No directors' fees were allotted to members of the Group's management or executive committees.

There are no outstanding advances or credit facilities extended to members of the Group's management or executive committees.

9 ■ POST BALANCE SHEET EVENTS

Nil.

10 ■ CONSOLIDATION SCOPE

At 31 December 2018, the consolidation scope included:

10.1. Subsidiaries

Name	Country	Method of consolidation	% of shareholding
Aerobag	France	Fully consolidated (FC)	100.00%
Aerolis	France	Fully consolidated (FC)	100.00%
Aéroport Angers Marcé	France	Fully consolidated (FC)	100.00%
Aéroport de Troyes Barberey	France	Fully consolidated (FC)	100.00%
Aerosat	France	Fully consolidated (FC)	85.00%
Airelle	France	Fully consolidated (FC)	100.00%
Autocars Delion SAS	France	Fully consolidated (FC)	100.00%
Autocars Eschenlauer	France	Fully consolidated (FC)	100.00%
Autocars Striebig	France	Fully consolidated (FC)	100.00%
Cars de Bordeaux	France	Fully consolidated (FC)	100.00%
Compagnie du Blanc Argent	France	Fully consolidated (FC)	99.43%
Gep Vidal	France	Fully consolidated (FC)	100.00%
Holding Striebig	France	Fully consolidated (FC)	100.00%
Institut Keolis	France	Fully consolidated (FC)	100.00%
Interhone	France	Fully consolidated (FC)	100.00%
Keolis	France	Fully consolidated (FC)	100.00%
Keolis Abbeville	France	Fully consolidated (FC)	99.02%
Keolis Agen	France	Fully consolidated (FC)	100.00%
Keolis Alençon	France	Fully consolidated (FC)	100.00%
Keolis Alès	France	Fully consolidated (FC)	100.00%
Keolis Alpes Maritimes	France	Fully consolidated (FC)	100.00%
Keolis Amiens	France	Fully consolidated (FC)	100.00%
Keolis Angers	France	Fully consolidated (FC)	100.00%
Keolis Armor	France	Fully consolidated (FC)	100.00%
Keolis Arras	France	Fully consolidated (FC)	100.00%
Keolis Artois	France	Fully consolidated (FC)	100.00%
Keolis Atlantique	France	Fully consolidated (FC)	100.00%
Keolis Auch	France	Fully consolidated (FC)	100.00%
Keolis Aude	France	Fully consolidated (FC)	100.00%
Keolis Autocars Planche	France	Fully consolidated (FC)	100.00%
Keolis Baie des Anges	France	Fully consolidated (FC)	100.00%
Keolis Bassin d'Arcachon	France	Fully consolidated (FC)	100.00%
Keolis Bassin de Pompey	France	Fully consolidated (FC)	100.00%
Keolis Beaune	France	Fully consolidated (FC)	100.00%
Keolis Besançon Mobilités	France	Fully consolidated (FC)	100.00%
Keolis Blois	France	Fully consolidated (FC)	100.00%
Keolis Bordeaux	France	Fully consolidated (FC)	99.99%
Keolis Bordeaux Métropole	France	Fully consolidated (FC)	100.00%
Keolis Boulogne sur Mer	France	Fully consolidated (FC)	100.00%
Keolis Bourgogne	France	Fully consolidated (FC)	99.50%
Keolis Brest	France	Fully consolidated (FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Bus Verts	France	Fully consolidated (FC)	100.00%
Keolis Caen	France	Fully consolidated (FC)	100.00%
Keolis Caen Mobilités	France	Fully consolidated (FC)	100.00%
Keolis Calvados	France	Fully consolidated (FC)	100.00%
Keolis Camargue	France	Fully consolidated (FC)	100.00%
Keolis Centre	France	Fully consolidated (FC)	100.00%
Keolis Châlons-en-Champagne	France	Fully consolidated (FC)	99.24%
Keolis Chambéry	France	Fully consolidated (FC)	100.00%
Keolis Charente Maritime	France	Fully consolidated (FC)	99.98%
Keolis Château Thierry	France	Fully consolidated (FC)	100.00%
Keolis Châteauroux	France	Fully consolidated (FC)	100.00%
Keolis Châtellerault	France	Fully consolidated (FC)	100.00%
Keolis Chaumont	France	Fully consolidated (FC)	100.00%
Keolis Chauny - Tergnier	France	Fully consolidated (FC)	100.00%
KEOLIS Chauny-Tergnier-La Fère scolaire	France	Fully consolidated (FC)	100.00%
Keolis Cherbourg	France	Fully consolidated (FC)	100.00%
Keolis CIF	France	Fully consolidated (FC)	99.99%
Keolis Conseil et Projets	France	Fully consolidated (FC)	100.00%
Keolis Côte Basque - Adour	France	Fully consolidated (FC)	100.00%
Keolis Côte d’Azur	France	Fully consolidated (FC)	100.00%
Keolis Côte d'Opale	France	Fully consolidated (FC)	100.00%
Keolis Creil	France	Fully consolidated (FC)	100.00%
Keolis Dijon	France	Fully consolidated (FC)	100.00%
Keolis Dijon Mobilités	France	Fully consolidated (FC)	70.00%
Keolis Dourlens	France	Fully consolidated (FC)	100.00%
Keolis Drôme Ardèche	France	Fully consolidated (FC)	100.00%
Keolis Drouais	France	Fully consolidated (FC)	100.00%
Keolis en Cévennes	France	Fully consolidated (FC)	99.19%
Keolis Epinal	France	Fully consolidated (FC)	100.00%
Keolis Eure et Loir	France	Fully consolidated (FC)	100.00%
Keolis Flandres Maritime	France	Fully consolidated (FC)	100.00%
Keolis Fouache	France	Fully consolidated (FC)	100.00%
Keolis Garonne	France	Fully consolidated (FC)	100.00%
Keolis Gascogne	France	Fully consolidated (FC)	100.00%
Keolis Gironde (ex SNCOA)	France	Fully consolidated (FC)	100.00%
Keolis Grand Bassin de Bourg-en-Bresse	France	Fully consolidated (FC)	100.00%
Keolis Grand Nancy	France	Fully consolidated (FC)	100.00%
Keolis Grand Tarbes	France	Fully consolidated (FC)	100.00%
Keolis Ille et Vilaine	France	Fully consolidated (FC)	100.00%
Keolis Languedoc	France	Fully consolidated (FC)	100.00%
Keolis Laval	France	Fully consolidated (FC)	100.00%
Keolis Laval Mobilités	France	Fully consolidated (FC)	100.00%
Keolis Lille	France	Fully consolidated (FC)	100.00%
Keolis Littoral	France	Fully consolidated (FC)	100.00%
Keolis Lorient	France	Fully consolidated (FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Lyon	France	Fully consolidated (FC)	100.00%
Keolis Manche	France	Fully consolidated (FC)	100.00%
Keolis Maritime	France	Fully consolidated (FC)	99.00%
Keolis Maritime Brest	France	Fully consolidated (FC)	100.00%
Keolis Marmande	France	Fully consolidated (FC)	100.00%
Keolis Métropole Orléans	France	Fully consolidated (FC)	100.00%
Keolis Mobilité Paris	France	Fully consolidated (FC)	100.00%
Keolis Mobilité Roissy	France	Fully consolidated (FC)	100.00%
Keolis Mobilité Val de Marne	France	Fully consolidated (FC)	100.00%
Keolis Montargis	France	Fully consolidated (FC)	100.00%
Keolis Montélimar	France	Fully consolidated (FC)	100.00%
Keolis Montluçon	France	Fully consolidated (FC)	100.00%
Keolis Morlaix	France	Fully consolidated (FC)	100.00%
Keolis Narbonne	France	Fully consolidated (FC)	100.00%
Keolis Narbonne Mobilités	France	Fully consolidated (FC)	100.00%
Keolis Nevers	France	Fully consolidated (FC)	100.00%
Keolis Nîmes	France	Fully consolidated (FC)	100.00%
Keolis Nord	France	Fully consolidated (FC)	99.99%
Keolis Normandie Seine	France	Fully consolidated (FC)	100.00%
Keolis Obernai	France	Fully consolidated (FC)	100.00%
Keolis Oise	France	Fully consolidated (FC)	100.00%
Keolis Orléans	France	Fully consolidated (FC)	100.00%
Keolis Orly Airport	France	Fully consolidated (FC)	100.00%
Keolis Orly Rungis	France	Fully consolidated (FC)	100.00%
Keolis Oyonnax	France	Fully consolidated (FC)	100.00%
Keolis Pays d'Aix	France	Fully consolidated (FC)	100.00%
Keolis Pays de Montbéliard	France	Fully consolidated (FC)	100.00%
Keolis Pays des Volcans	France	Fully consolidated (FC)	100.00%
Keolis Pays Nancéien	France	Fully consolidated (FC)	100.00%
Keolis Pays Normands	France	Fully consolidated (FC)	100.00%
Keolis PMR Rhône	France	Fully consolidated (FC)	100.00%
Keolis Porte de l'Isère	France	Fully consolidated (FC)	100.00%
Keolis Pyrénées	France	Fully consolidated (FC)	95.16%
Keolis Quimper	France	Fully consolidated (FC)	100.00%
Keolis Rennes	France	Fully consolidated (FC)	100.00%
Keolis Réseau Départemental Sud Oise	France	Fully consolidated (FC)	100.00%
Keolis Riom	France	Fully consolidated (FC)	100.00%
Keolis Roissy Airport	France	Fully consolidated (FC)	100.00%
Keolis Roissy Services Aéroportuaires	France	Fully consolidated (FC)	100.00%
Keolis Saint Malo	France	Fully consolidated (FC)	100.00%
Keolis Saintes Mobilités	France	Fully consolidated (FC)	100.00%
Keolis Saintes	France	Fully consolidated (FC)	100.00%
Keolis Seine Essonne	France	Fully consolidated (FC)	100.00%
Keolis Seine Maritime	France	Fully consolidated (FC)	100.00%
Keolis Seine Sénart	France	Fully consolidated (FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Seine Val-de-Marne	France	Fully consolidated (FC)	100.00%
Keolis Somme	France	Fully consolidated (FC)	100.00%
Keolis Sud Allier	France	Fully consolidated (FC)	100.00%
Keolis Sud Lorraine	France	Fully consolidated (FC)	100.00%
Keolis Touraine	France	Fully consolidated (FC)	100.00%
Keolis Tours	France	Fully consolidated (FC)	100.00%
Keolis Tours Access	France	Fully consolidated (FC)	100.00%
Keolis Travel Services	France	Fully consolidated (FC)	100.00%
Keolis Trois Frontières	France	Fully consolidated (FC)	100.00%
Keolis Urbest	France	Fully consolidated (FC)	100.00%
Keolis Val d'Oise	France	Fully consolidated (FC)	100.00%
Keolis Val de Maine	France	Fully consolidated (FC)	100.00%
Keolis Val de Saône	France	Fully consolidated (FC)	100.00%
Keolis Val Hainaut	France	Fully consolidated (FC)	96.32%
Keolis Vélizy	France	Fully consolidated (FC)	100.00%
Keolis Versailles	France	Fully consolidated (FC)	100.00%
Keolis Vesoul	France	Fully consolidated (FC)	100.00%
Keolis Vichy	France	Fully consolidated (FC)	100.00%
Keolis Voyages	France	Fully consolidated (FC)	100.00%
Keolis Westeel	France	Fully consolidated (FC)	100.00%
Keolis Yvelines	France	Fully consolidated (FC)	100.00%
Kisio Solutions	France	Fully consolidated (FC)	100.00%
Les Cars du Bassin de Thau	France	Fully consolidated (FC)	100.00%
Les Coccinelles	France	Fully consolidated (FC)	100.00%
Les Courriers Catalans	France	Fully consolidated (FC)	100.00%
Les Courriers Du Midi	France	Fully consolidated (FC)	100.00%
Les Kangourous 2	France	Fully consolidated (FC)	100.00%
Les Transports Dunois	France	Fully consolidated (FC)	100.00%
Loisirs et Voyages	France	Fully consolidated (FC)	100.00%
Monts Jura Autocars	France	Fully consolidated (FC)	100.00%
Ormont Transports	France	Fully consolidated (FC)	100.00%
Pacific Car	France	Fully consolidated (FC)	100.00%
Phocéens Cars	France	Fully consolidated (FC)	100.00%
Réseau en Vosges	France	Fully consolidated (FC)	70.00%
STEFIM	France	Fully consolidated (FC)	100.00%
Santa Azur	France	Fully consolidated (FC)	100.00%
SAP Cariane Provence	France	Fully consolidated (FC)	100.00%
SATRVAM	France	Fully consolidated (FC)	100.00%
SCAC	France	Fully consolidated (FC)	100.00%
SCAC Bagnis	France	Fully consolidated (FC)	100.00%
SEA Albert-Picardie	France	Fully consolidated (FC)	50.96%
SFD	France	Fully consolidated (FC)	100.00%
Société d'Exploitation de l'Aéroport Dole Jura	France	Fully consolidated (FC)	51.00%
Sodetrav	France	Fully consolidated (FC)	95.08%
Société Rennaise Transports et Services	France	Fully consolidated (FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Société Transports Robert	France	Fully consolidated (FC)	100.00%
TPR	France	Fully consolidated (FC)	100.00%
Transports de la Brière	France	Fully consolidated (FC)	60.10%
Transports Evrard	France	Fully consolidated (FC)	100.00%
Train Bleu St Marcellin	France	Fully consolidated (FC)	100.00%
TRAM	France	Fully consolidated (FC)	100.00%
Transévry	France	Fully consolidated (FC)	55.62%
Transkeo	France	Fully consolidated (FC)	51.00%
Transpole	France	Fully consolidated (FC)	100.00%
Transport Daniel MEYER	France	Fully consolidated (FC)	100.00%
Var Tour	France	Fully consolidated (FC)	94.97%
Voyages Autocars Services	France	Fully consolidated (FC)	100.00%
Voyages Chargelègue	France	Fully consolidated (FC)	100.00%
Voyages MONNET	France	Fully consolidated (FC)	100.00%
Keolis Deutschland GmbH & Co. KG	Germany	Fully consolidated (FC)	100.00%
Keolis Deutschland Verwaltung	Germany	Fully consolidated (FC)	100.00%
Schloemer Verkehrsbetrieb Gmbh	Germany	Fully consolidated (FC)	100.00%
Striebig Deutschland	Germany	Fully consolidated (FC)	100.00%
Striebig Gmbh	Germany	Fully consolidated (FC)	100.00%
Australian Transit Enterprises Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Hornibrook Bus Lines Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Hornibrook Transit Management Pty Ltd	Australia	Fully consolidated (FC)	51.00%
KD Hunter Pty Ltd	Australia	Fully consolidated (FC)	51.00%
KDR Gold Coast Pty Ltd	Australia	Fully consolidated (FC)	51.00%
KDR Victoria Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Keolis Australia Pty	Australia	Fully consolidated (FC)	100.00%
Keolis Downer	Australia	Fully consolidated (FC)	51.00%
Keolis Downer Bus and Coachlines Property Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Keolis Downer Bus and Coachlines Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Link SA Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Path Transit Pty Ltd	Australia	Fully consolidated (FC)	51.00%
South West Transit Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Southlink Pty Ltd	Australia	Fully consolidated (FC)	51.00%
Autobus de Genval	Belgium	Fully consolidated (FC)	100.00%
Autobus Dony	Belgium	Fully consolidated (FC)	100.00%
Autobus Dujardin	Belgium	Fully consolidated (FC)	100.00%
Autobus Lienard	Belgium	Fully consolidated (FC)	100.00%
Cardona-Deltenre	Belgium	Fully consolidated (FC)	100.00%
Cars Gembloutois	Belgium	Fully consolidated (FC)	100.00%
CINTRA	Belgium	Fully consolidated (FC)	100.00%
CINTRAL	Belgium	Fully consolidated (FC)	100.00%
Compagnie des Autobus Liégeois	Belgium	Fully consolidated (FC)	100.00%
De Turck BVBA	Belgium	Fully consolidated (FC)	100.00%
Eltebe	Belgium	Fully consolidated (FC)	100.00%
Eurobus Holding	Belgium	Fully consolidated (FC)	100.00%

Name	Country	Method of consolidation	% of shareholding
Eurobussing Brussels	Belgium	Fully consolidated (FC)	100.00%
Eurobussing Wallonie	Belgium	Fully consolidated (FC)	100.00%
Flanders Bus	Belgium	Fully consolidated (FC)	100.00%
Garage du Perron	Belgium	Fully consolidated (FC)	100.00%
Gino Tours	Belgium	Fully consolidated (FC)	100.00%
Heyerick	Belgium	Fully consolidated (FC)	100.00%
Joye	Belgium	Fully consolidated (FC)	100.00%
Keolis Vlaanderen	Belgium	Fully consolidated (FC)	100.00%
Kibel	Belgium	Fully consolidated (FC)	100.00%
LIM Collard-Lambert	Belgium	Fully consolidated (FC)	100.00%
Le Cinacien	Belgium	Fully consolidated (FC)	100.00%
Modern Toerisme NV	Belgium	Fully consolidated (FC)	100.00%
NV Autobusbedrijf Bronckaers	Belgium	Fully consolidated (FC)	100.00%
NV Autobussen De Reys	Belgium	Fully consolidated (FC)	100.00%
Nice Traveling SPRL	Belgium	Fully consolidated (FC)	100.00%
NV Aotocars De Boeck	Belgium	Fully consolidated (FC)	100.00%
Open Tours - Les Voyages Belges NV	Belgium	Fully consolidated (FC)	100.00%
Picavet	Belgium	Fully consolidated (FC)	100.00%
Pirnay	Belgium	Fully consolidated (FC)	100.00%
Ramoudt Tours	Belgium	Fully consolidated (FC)	100.00%
Reniers & C°	Belgium	Fully consolidated (FC)	100.00%
S.A.D.A.R.	Belgium	Fully consolidated (FC)	100.00%
Satracom	Belgium	Fully consolidated (FC)	100.00%
Sophibus	Belgium	Fully consolidated (FC)	100.00%
SPRL Bertrand	Belgium	Fully consolidated (FC)	100.00%
SPRL Taxis Melkior	Belgium	Fully consolidated (FC)	100.00%
SPRL Voyages F. Lenoir	Belgium	Fully consolidated (FC)	100.00%
STACA (KBO)	Belgium	Fully consolidated (FC)	100.00%
T.C.M. Cars	Belgium	Fully consolidated (FC)	100.00%
Transports Penning	Belgium	Fully consolidated (FC)	100.00%
Trimi	Belgium	Fully consolidated (FC)	100.00%
Van Rompaye NV	Belgium	Fully consolidated (FC)	100.00%
Voyages Doppagne	Belgium	Fully consolidated (FC)	100.00%
Voyages Nicolay	Belgium	Fully consolidated (FC)	100.00%
Zuun Cars BVBA	Belgium	Fully consolidated (FC)	100.00%
Développement GOE	Canada	Fully consolidated (FC)	100.00%
Keolis Canada Inc	Canada	Fully consolidated (FC)	100.00%
Keolis Grand River LP	Canada	Fully consolidated (FC)	100.00%
Keolis China	China	Fully consolidated (FC)	100.00%
Keolis Wuhan	China	Fully consolidated (FC)	100.00%
Keolis Danmark	Denmark	Fully consolidated (FC)	100.00%
Etablissement Abu Dhabi	United Arab Emirates	Fully consolidated (FC)	100.00%
Keolis España	Spain	Fully consolidated (FC)	100.00%
Keolis America Inc.	United States	Fully consolidated (FC)	100.00%
Keolis Commuter Services LLC	United States	Fully consolidated (FC)	60.00%

Name	Country	Method of consolidation	% of shareholding
Keolis Rail Service America	United States	Fully consolidated (FC)	100.00%
Keolis Rail Service Virginia	United States	Fully consolidated (FC)	100.00%
Keolis Transit America	United States	Fully consolidated (FC)	100.00%
Keolis Hyderabad Mass Rapid Transit System Private Limited	India	Fully consolidated (FC)	100.00%
Kilux	Luxembourg	Fully consolidated (FC)	100.00%
Keolis Norge AS	Norway	Fully consolidated (FC)	100.00%
Keolis Mobilities BV	Netherlands	Fully consolidated (FC)	100.00%
Keolis Nederland BV (ex-Syntus)	Netherlands	Fully consolidated (FC)	100.00%
Keolis Amey Operations/Gweithrediadau Keolis Amey Limited – the Operating Entity	United Kingdom	Fully consolidated (FC)	64.00%
Keolis Amey Wales Cymru Limited – the Operating Delivery Partner	United Kingdom	Fully consolidated (FC)	60.00%
Keolis UK	United Kingdom	Fully consolidated (FC)	100.00%
Keolis-Amey Docklands Ltd	United Kingdom	Fully consolidated (FC)	70.00%
KeolisAmey Metrolink	United Kingdom	Fully consolidated (FC)	60.00%
Nottingham Trams Ltd	United Kingdom	Fully consolidated (FC)	80.00%
Keolis Asia Pte.Ltd.	Singapore	Fully consolidated (FC)	100.00%
CSG Commuter Security	Sweden	Fully consolidated (FC)	100.00%
Keolis Nordic	Sweden	Fully consolidated (FC)	100.00%
Keolis Spår AB	Sweden	Fully consolidated (FC)	100.00%
Keolis Sverige	Sweden	Fully consolidated (FC)	100.00%

Companies removed from the consolidation scope in 2018

Name	Country	Method of consolidation	% of shareholding
Cars Planche	France	Non-consolidated (NC))	0.00%
Keolis Aix-Les-Bains	France	Non-consolidated (NC))	0.00%
Keolis Mobilité Hauts-de-Seine	France	Non-consolidated (NC))	0.00%
Les Cars Roannais	France	Non-consolidated (NC))	0.00%
Millau Cars	France	Non-consolidated (NC))	0.00%
Prioris	France	Non-consolidated (NC))	0.00%
Société Transports Services Aéroportuaires	France	Non-consolidated (NC))	0.00%

10.2. Joint ventures and associates

Name	Country	Method of consolidation	% of shareholding
Albatrans	France	Equity method (EM)	36.20%
CTCOP	France	Equity method (EM)	50.00%
Kisio Digital	France	Equity method (EM)	34,00%
Orgebus	France	Equity method (EM)	50.00%
RDK France	France	Equity method (EM)	50.00%
Scodec	France	Equity method (EM)	35.00%
TICE	France	Equity method (EM)	19.00%
Trans Pistes	France	Equity method (EM)	40.00%
Transports de l'agglomération de Metz Métropole	France	Equity method (EM)	25.00%
Netlog	Germany	Equity method (EM)	33.00%
Shanghai Keolis Public Transport Operation Management Co.	China	Equity method (EM)	49.00%
Wuhan Tianhe Airport Transport Center Operation and Management co. LTD	China	Equity method (EM)	40.00%
Prometro	Portugal	Equity method (EM)	20.00%
RDK LLC (Qatar)	Qatar	Equity method (EM)	50.00%
RKH Qitarat LLC	Qatar	Equity method (EM)	32,50%
First / Keolis Holdings Limited	United Kingdom	Equity method (EM)	45.00%
First / Keolis Transpennine	United Kingdom	Equity method (EM)	45.00%
First / Keolis Transpennine Holding Ltd	United Kingdom	Equity method (EM)	45.00%
Govia	United Kingdom	Equity method (EM)	35.00%
Govia Thameslink Railway Limited	United Kingdom	Equity method (EM)	35.00%
London Midland	United Kingdom	Equity method (EM)	35.00%
London&South Eastern Railway - LSER	United Kingdom	Equity method (EM)	35.00%
New Southern Railway	United Kingdom	Equity method (EM)	35.00%
Southern Railway Ltd	United Kingdom	Equity method (EM)	35.00%
Thameslink Rail Limited	United Kingdom	Equity method (EM)	35.00%

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63 rue de Villiers
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672 006 483 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

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S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (FOR THE YEAR ENDED 31 DECEMBER 2018)

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Keolis SA for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence
We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and L.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following.

Change in accounting method
As part of our assessment of the accounting rules and methods followed by your company, we ensured of the correct application on January 1st 2018 of IFRS 15 and part 3 of IFRS 9 as described in the note 2.2 to the consolidated financial statements.

Accounting estimates
- Keolis carries out impairment tests out impairment tests on goodwill and indefinite life assets and also assesses whether there is any indication of impairment on non-current assets, as described in notes 2.4.10 and 5.1 to the consolidated financial statements. We have examined the methods used to carry out this impairment test as well as the corresponding cash flow forecasts and assumptions, and have verified that the notes to the consolidated financial statements provide appropriate disclosures.

- Note 2.4.18 specifies the valuation methods for provisions for pensions and other employee benefits. An evaluation of these provisions was carried out by independent actuaries. Our work consisted in examining the data and assumptions used and verifying that note 5.13 to the consolidated financial statements provides appropriate disclosures.
- Notes 2.3 and 2.4.18 specify the methods used to take into account the risks relating to ongoing litigation and contracts. Our work consisted in examining the procedures used by the Company to identify and assess these risks and the accounting treatment applied and in assessing the resulting estimates.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Specific verifications

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (code de commerce) is presented in the Group information given in the management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein.

Report on Other Legal and Regulatory Requirements

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Chairman of the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Neuilly-sur-Seine and Paris-La-Défense, March 12, 2019

PricewaterhouseCoopers Audit

Françoise Garnier-Bel

Ernst & Young Audit

Jérôme Guirauden

Marie Le Treut

3. ANNUAL FINANCIAL STATEMENTS

A ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2018

1 ■ BALANCE SHEET AT 31/12/2018

(in euros) ASSETS		Gross	Depreciation & amortisation	31/12/2018	31/12/2017
Uncalled subscribed capital		-	-	-	-
INTANGIBLE ASSETS					
Preliminary expenses		35,273	35,273	-	-
Development costs		-	-	-	-
Concessions, patents and related rights		121,998,112	81,460,440	40,537,672	23,221,662
Goodwill		-	-	-	-
Other intangible assets		9,129,895	-	9,129,895	25,951,348
Advances, down payments for intangible assets		-	-	-	-
PROPERTY, PLANT AND EQUIPMENT					
Land		9,718,514	1,553,583	8,164,931	7,804,504
Buildings		43,252,075	12,941,157	30,310,918	29,944,704
Technical facilities, equipment, machinery		2,733,843	1,203,189	1,530,655	752,622
Other property, plant and equipment		17,108,507	15,183,791	1,924,716	2,871,616
PPE under construction		4,352,098	-	4,352,098	2,086,836
Advances and down payments		-	-	-	35,000
NON-CURRENT FINANCIAL ASSETS					
Shareholdings under the equity method		-	-	-	-
Other shareholdings		1,223,290,534	220,180,784	1,003,109,750	863,445,812
Receivables from shareholdings		330,329,499	175,528	330,153,971	376,390,866
Other long-term investments		188,361	7,622	180,738	180,738
Loans		570,978	-	570,978	570,978
Other non-current financial assets		1,771,259	-	1,771,259	1,720,488
TOTAL FIXED ASSETS	**I**	**1,764,478,949**	**332,741,368**	**1,431,737,580**	**1,334,977,174**
INVENTORIES AND WORK IN PROGRESS					
Raw materials, supplies		-	-	-	-
Production in progress (goods)		-	-	-	-
Production in progress (services)		-	-	-	-
Semi-finished and finished goods		-	-	-	-
Goods		-	-	-	-
Advances and down payments on orders		113,621	-	113,621	123,775
TRADE RECEIVABLES					
Trade receivables and accounts receivable		64,512,144	238,127	64,274,017	48,605,338
Other receivables		268,257,881	35,731,514	232,526,367	186,556,565
Subscribed called non-paid-up capital		-	-	-	-
MISCELLANEOUS					
Marketable securities held for trading		235,051	-	235,051	235,051
Cash		2,072,625	-	2,072,625	6,120,637
ACCRUALS					
Prepaid expenses		560,666	-	560,666	1,081,480
TOTAL CURRENT ASSETS	**II**	**335,751,989**	**35,969,641**	**299,782,348**	**242,722,846**
Unrealised losses on foreign exchange transactions	**III**	6,416,606	-	6,416,606	4,806,041
TOTAL GÉNÉRAL	**(I+II+III)**	**2,106,647,543**	**368,711,009**	**1,737,936,534**	**1,582,506,061**

(in euros) LIABILITIES		FY 2018	FY 2017
EQUITY			
Share capital or individual capital (of which paid-in)		412,832,676	412,832,676
Additional paid-in capital		-	-
Revaluation reserves (1)		1,853,874	1,901,431
Legal Reserve		4,685,128	4,685,128
Statutory or contractual reserves		-	-
Regulated reserves		-	-
Other reserves		56,900,591	132,038,364
Retained earnings brought forward		-	(4,172,555)
NET PROFIT/(LOSS) FOR THE YEAR		**(2,123,353)**	**(70,781,999)**
Investment grants		742,445	742,445
Regulated provisions		1,805,808	1,652,546
TOTAL EQUITY	**(I)**	**476,697,168**	**478,898,036**
PROVISIONS FOR CONTINGENCIES AND CHARGES			
Provisions for contingencies		7,482,943	5,519,642
Provisions for charges		3,035,720	3,322,435
TOTAL PROVISIONS	**(II)**	**10,518,663**	**8,842,077**
DEBTS			
Convertible bond issues		-	-
Other bond issues		-	-
Bank borrowings (2)		220,732,282	139,423,989
Loans and other financial debts		234,208,371	250,095,290
Customer advances and down payments		-	39,067
OPERATING LIABIITIES			
Trade payables and related accounts		37,031,600	33,102,233
Tax and social security liabilities		52,632,942	53,269,967
MISCELLANEOUS LIABLITIES			
Liabilities on assets and related receivables		11,359,908	7,876,862
Other liabilities		691,025,144	608,435,326
ACCRUALS			
Deferred income		-	-
LIABILITIES AND ACCRUALS	**(III)**	**1,246,990,247**	**1,090,242,734**
Unrealised gains on foreign exchange transactions	**(IV)**	3,730,455	2,523,214
TOTAL PASSIF	**(I to IV)**	**1,737,936,534**	**1,582,506,061**

(1) Revaluation reserves incorporated in equity	1,853,874	1,901,431
(2) Including bank overdrafts and bank credit balances	220,732,282	139,423,989
Amounts payable after one year	47,604,167	52,921,196
Amounts due within one year	173,128,115	86,502,793

2 ■ INCOME STATEMENT AT 31/12/2018

(in euros)		31/12/2018	31/12/2017
OPERATING REVENUE		-	-
Sales of goods		-	-
Sales of services		213,017,821	206,126,031
NET REVENUE		**213,017,821**	**206,126,031**
Production held as inventory		-	-
Capitalized production		3,182,489	4,350,682
Operating grants		-	-
Reversal of depreciation, provision and expense transfers		3,813,587	4,758,314
Other income		10,260,408	8,307,697
TOTAL OPERATING INCOME	**(I)**	**230,274,304**	**223,542,724**
Stock purchases (including customs duties)		2,148	808
Change in inventory of goods		-	-
Purchase raw materials, other supplies (including customs duties)		163,731	226,341
Change in inventory purchases (raw materials and supplies)		-	-
Other purchases and operating expenses		74,072,972	75,043,145
Taxes and similar payments		9,519,947	9,627,412
Wages and salaries		104,693,079	105,422,972
Welfare contributions		48,936,766	49,636,655
OPERATING ALLOWANCES			
On capital/fixed assets: depreciation expense		19,785,620	14,253,824
On current assets: charges to provisions		662,768	184,122
Other charges		3,481,614	513,807
TOTAL OPERATING EXPENSES	**(II)**	**261,318,645**	**254,909,085**
1. OPERATING PROFIT / LOSS	**(I - II)**	**(31,044,341)**	**(31,366,361)**
JOINT VENTURES			
Attributed profit or transferred loss	**(III)**	17,190,749	15,991,665
Loss borne or transferred profit	**(IV)**	3,931,543	4,636,372
FINANCIAL INCOME			
Financial income from shareholdings		30,705,911	13,138,743
Other marketable and receivables from capitalized assets		-	-
Other interest and similar income		10,344,055	6,278,143
Reversal of provisions charged and expense transfers		57,578,353	22,841,506
Foreign exchange gains		18,047,666	28,545,239
Net gains on sales of marketable securities		-	-
TOTAL FINANCIAL INCOME	**(V)**	**116,675,985**	**70,803,630**
FINANCIAL EXPENSES			
Changes to depreciation and provisions		78,412,426	120,794,455
Interest and similar expenses		10,123,559	5,671,877
Foreign exchange losses		20,561,382	17,862,750
Net expenses on sales of marketable securities		-	-
TOTAL FINANCIAL EXPENSES	**(VI)**	**109,097,367**	**144,329,082**
2. FINANCIAL INCOME / (EXPENSE)	**(V - VI)**	**7,578,618**	**(73,525,452)**
3. RECURRING PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**(I - II + III - IV + V - VI)**	**(10,206,517)**	**(93,536,520)**

(in euros)		31/12/2018	31/12/2017
EXCEPTIONAL GAINS			
Exceptional gains on operations		1,631,129	5,574,115
Exceptional gains on equity transactions		1,045,673	8,191,359
Reversal of provisions charged and expense transfers		3,050,922	3,050,967
TOTAL EXCEPTIONAL GAINS	**(VII)**	**5,727,724**	**16,816,442**
EXCEPTIONAL LOSSES			
Exceptional losses on operations		4,989,664	5,134,848
Exceptional losses on equity transactions		3,004,015	2,374,445
Exceptional charges to depreciation and provisions		2,896,429	4,569,747
TOTAL EXCEPTIONAL LOSSES	**(VIII)**	**10,890,108**	**12,079,040**
4. EXCEPTIONAL INCOME / (LOSS)	**(VII - VIII)**	**(5,162,384)**	**4,737,402**
Employee profit-sharing	**(IX)**	-	-
Corporate income tax	**(X)**	(13,245,548)	(18,017,119)
TOTAL INCOME	**(I + III + V + VII)**	**369,868,762**	**327,154,460**
TOTAL CHARGES	**(II + IV + VI + VIII + IX + X)**	**371,992,115**	**397,936,459**
5. NET PROFIT / (LOSS)		**(2,123,353)**	**(70,781,999)**

B NOTES TO ANNUAL FINANCIAL STATEMENTS

1 ■ SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

Subscription to the capital increases of subsidiaries

In accordance with regulations on the trade's practices relating to public passenger transportation, Keolis S.A. subscribed to capital increases in its subsidiaries in 2018 for a total amount of €20,849 thousand.

"Better fortunes" obtained

Following subsidies granted by Keolis S.A. in prior financial years containing "return to better fortune" clauses, an entitlement amounting to €1,185 thousand was recognised under exceptional income / loss at 31/12/2018.

(In € thousand)

Subsidiary name	Better fortunes obtained
Keolis Touraine	650
Keolis Côte d'Azur	350
Keolis Côte d'Opale	45
Keolis Maritime Brest	140
TOTAL	**1,185**

2 ■ ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared in accordance with rules laid down by the general chart of accounts in accordance with regulation ANC N° 2014-03 dated 5 June 2014 amended by the regulation ANC 2015-06, of the French Accounting Standards Authority (Autorité des Normes Comptables) and principles generally accepted in the profession.

General conventions were applied in compliance with the prudence principle, in accordance with the basic assumptions of:

- continuity of operations;
- consistency of accounting methods from one year to another;
- independence of financial years.

The basic method used to value the items in the accounts is the historical costs method.
In preparing the financial statements, the adjustments to the general accounting plan PGC (articles 111-1 and 831-1/1) were not used.

The main accounting policies used are as follows.

2.1. Fixed assets

2.1.1. Intangible assets

Intangible assets are valued either at cost of acquisition, or when produced, at their production cost or revalued amount, according to legal requirements.
This item mainly concerns the cost of systems' software acquired which is amortized over 3 years for IT projects and desktop software.
Intangible assets in progress correspond to expenditure in connection with the implementation of IT projects, and therefore include all expenses that can be directly attributed to projects and which are necessary in creating, producing and preparing the asset in order to be able to function with the use intended by management.

2.1.2. Tangible assets

Tangible assets are reflected at their acquisition cost (purchase price and incidental expenses) or their production cost.

Methods and depreciation periods are as follows:

	Duration	Method
Buildings	15 to 20 years	Linear
Equipment and tooling	5 to 10 years	Linear
Office equipment and furniture	5 to 10 years	Linear
Automotive equipment		
New Vehicles		
Private passenger vehicles	5 years	Linear
Commercial vehicles (GVM under 3.5 t.)	5 years	Linear
Coaches and buses	10 to 15 years	Linear
Used Vehicles	2 to 14 years	Linear

2.1.3. Financial assets

Equity and other investments

These are recorded at acquisition cost. If the acquisition value is greater than the asset or utility value, an impairment is recognised for the difference. For each of the holdings, the asset value is determined on the basis of a range of valuation methods (discounted cash flow, revalued net position).

Technical losses from mergers

Following adoption of regulation ANC 2015-06, technical losses from mergers and the transfer of all assets and liabilities concerning financial assets are allocated in the balance sheet to a "merger losses on financial assets" account. They correspond to the negative difference between the net assets and liabilities received and the net carrying amount of the investment in the absorbed company. For each of the investments, the asset value is determined by taking into account the future cash flows that the activity may generate. An impairment is recorded, where necessary, which may not be reversed.

Other financial assets

These are stated at their acquisition cost. Where applicable, an impairment is recorded if their utility value falls below their acquisition cost.

Receivables related to equity and current accounts

Receivables related to equity and current accounts are recorded at nominal value.
When equities are fully depreciated and the net assets of the subsidiary is negative, an impairment of all receivables related to equity and current accounts is recorded due to the risk of loss of these receivables following the transfer or cessation of the activities of the subsidiary.

2.2. Receivables and payables

Receivables are recorded at their nominal value.

Where applicable, a depreciation is recognised whenever there is a risk of non-recovery.
Receivables and payables in foreign currencies are converted at the last exchange rate of the year. The difference resulting from this adjustment appear under «Foreign exchange translation differences». Unrealised foreign exchange losses are subject to a provision for liabilities, unrealised foreign exchange gains are not recorded in the income statement.

At 31/12/2018, the unrealised losses on foreign exchange transactions stood at €6,417 thousand and unrealised gains stood at €3,730 thousand.

2.3. Marketable securities

These are recorded at their acquisition cost. Where applicable, an impairment is recorded for each line of securities of a similar nature, in order to bring their value to their average closing price, or their probable trading value for unlisted securities.

2.4. Cash

Cash balances in foreign currencies are converted at the closing exchange rate of the financial period. Foreign exchange differences resulting from this adjustment appear in the income statement under "Foreign exchange gains" or "losses".

2.5. Provisions for contingencies and charges

A provision for contingencies and charges is recorded when the company has a legal or implicit obligation to a third party arising from a past event, whose amount can be reliably estimated and where it is probable that its settlement will cause an uncompensated outflow of resources which is at least equivalent.

2.6. Employee benefits

Employee benefits include payments due on retirement and long service awards.
Evaluations of these obligations relating to defined benefits are carried out annually using the projected unit credit method.

The main actuarial assumptions used for the assessment of employee benefits are as follows:

Tax depreciation duration	Coefficient
Discount rate	1.26 %
Long-term expected inflation rate	1.90 %
Rate of salary increases	6.06 %
Mobility rate	6.32 %
Type of retirement	At the initiative of the employee
Mortality table	INSEE TD/TV 2012 - 2014

2.7. Profit from joint ventures

The profit or loss from joint ventures in which Keolis S.A. holds an interest are recorded under "Attributed profit or transferred loss" and "Loss borne or transferred profit».

2.8. Tax status

The results of the company are integrated within the framework of a tax group. The Group's tax parent company is the Company GROUPE KEOLIS S.A.S. Convention provides that tax is calculated as if the company were taxed separately.

The savings achieved by the tax group regime from carried forward tax losses are taken by the parent company in its income statement. However, these are subsequently reallocated to the subsidiary as and when it generates future profits.

2.9. Crédit d'Impôt pour la Compétitivité et l'Emploi (CICE)

The CICE, which is a tax credit, is recognised as a deduction from corporate income tax.

3 ■ USE OF ASSESSMENTS IN THE PREPARATION OF FINANCIAL STATEMENTS

For the preparation of annual accounts, Keolis S.A. management may be required to make estimates and assumptions that affect the book value of assets and liabilities, revenues and expenses as well as information on assets and liabilities. Actual results could differ substantially from these estimates.

The estimates and underlying assumptions are made from past experience and other factors considered reasonable in the circumstances. They serve as the basis for the exercise of judgment required in determining the carrying amounts of assets and liabilities that cannot be obtained directly from other sources. Actual values may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. In particular, disputes and litigation in progress or with employees, have been subject to review by the management with their advisers or lawyers in order to reflect the risk on the valuation of assets or liabilities.

The impact of changes in accounting estimates is recorded during the period of change if it affects only that period or during the period of change and future periods if they are also affected by the change.

4 ■ FINANCIAL INSTRUMENTS

The application on 1 January 2017 of Regulation no. 2015-05 relating to financial futures and hedging operations, did not have a significant impact on the financial statements of Keolis S.A.

Keolis S.A. uses derivative financial instruments to manage its exposure to financial risks resulting from its operational, financial and investing activities:
- Interest rate risk;
- Foreign exchange risk;
- Commodities risk.

At the year end, unrealized gains are not recognised. Unrealised losses are booked except when they relate to instruments qualified as hedges entered into in one of the following two cases:
- to hedge underlying items in the balance sheet which have not been revalued;
- to hedge future cash flows expected in a future year, under the principle of matching the accounting impact in the same financial year.

The gains and losses realised are reported in the same income statement as the income and expenses on the hedged item.

Interest rate, foreign exchange and commodities derivative financial instruments are traded with first-class bank counterparties in accordance with the Group's counterparty risk management policy. Consequently, the counterparty risk can be regarded as negligible.

4.1. Interest rate risk relating to the variable rate portion of its financial debt

To finance the acquisition of rolling stock, Keolis S.A. took out a €15 million variable rate loan, repayable in instalments over 8 years which was drawn down on 27 December 2018. This loan is fully hedged by a matched derivative financial instrument.

Keolis S.A. arranged a fixed rate loan of €10 million, repayable in instalments over 3 years to replace a previous €7 million loan repayable in instalments. The amount was drawn down on 3 December 2018.

At 31 December 2018, the available, confirmed and undrawn syndicated credit facility is €390 million. This credit line is available to GROUPE KEOLIS S.A.S. and Keolis S.A.

A short-term credit line of €50 million was drawn down in December 2018, maturing in January 2019.

The distribution of debt between fixed and variable rates, excluding and including the derivatives portfolio is respectively:

Split excluding derivatives (in € million)	31/12/2018	31/12/2017
Variable rates	102.2	48.4
Fixed rates	10.0	-

Split including derivatives (in € million)	31/12/2018	31/12/2017
Variable rates	38.8	9.3
Fixed rates	73.4	39.1

4.2. Currency risk

The Group has put in place intra-group loans denominated in foreign currency and recognised in current accounts. In order to cover the resulting foreign exchange risk, the Group uses derivative financial instruments which allow it to fix the exchange rates of these intra-group loans.

The derivative financial instruments used by Keolis S.A. are standard, liquid and market-available:
- forward and futures sales and purchases;
- foreign exchange swaps.

Loans and borrowings are revalued on the closing date to the closing price. The revaluation differences, positive or negative, are recorded as financial income. In the same way for consistency, the variation in value of these derivative financial instruments subscribed to cover these intra-group loans is also recorded in financial income.

Loan hedges that were still open at 31 December 2018 are as follows:

Hedging instruments	Nominal	Maturity
Forward sell CAD / EUR swaps	CAD 40.3 M	2019
Forward sell DKK / EUR swaps	DKK 64.6 M	2019
Forward sell GBP / EUR swaps	GBP 1.7 M	2019
Forward purchase SEK / EUR swaps	SEK 487.0 M	2019
Forward sell USD / EUR swaps	USD 64.5 M	2019

4.3. Commodity price risks

Due to their transportation activities as operators of light vehicle fleets (coaches and buses), the Group's subsidiaries must make substantial and regular purchases of diesel. The Group is consequently exposed to a risk in the fluctuation of the price of diesel, a risk which is partially hedged in the concession contracts signed with public transport authorities. For the remaining exposure, the Group implements a hedging policy using derivative financial instruments whose objective is to minimise the volatility of Group profits.

For this purpose, the Group uses standard, liquid and market-available derivative financial instruments, namely:

- swaps;
- cap calls;
- cap puts to unwind an existing cap or to realise a cap spread;
- floor puts if tied with cap calls to create symmetrical or asymmetrical collars;
- floor calls, in particular to buy back floors that constitute asymmetrical collars.

At 31 December 2018 the commodity price derivatives represent a volume of 129,580 tonnes.

Volumes in tonnes	Maturing in less than a year	Maturing in 1 to 5 years
Swaps and tunnels on diesel reference	53,955	72,625

5 ■ NOTES ON BALANCE SHEET ASSETS

5.1. Fixed assets

(in € thousand)	At 31/12/2017	Acquisitions	Transfers between items / corrections	Disposals	At 31/12/2018
Establishment and development costs	**35**	-	-	-	**35**
Concessions, patents, licences	**88,850**	8,851	16,821	-	**121,998**
Other intangible assets (1)	**25,951**	7,476	(16,821)	-	**9,130**
TOTAL 1 INTANGIBLE ASSETS	**114,836**	16,327	-	-	**131,163**
Land	**9,358**	365	-	5	**9,719**
Buildings on own land	**37,010**	1,000	1,366	-	**39,376**
Buildings on other land	**1,808**	-	40	-	**1,848**
Building of installations, fittings	**2,028**	-	-	-	**2,028**
General facilities and fittings	**4,499**	62	-	209	**4,352**
Plant, equipment, tooling	**1,728**	510	496	-	**2,734**
Office and computer equipment and furniture	**12,056**	779	-	78	**12,757**
TOTAL 2 TANGIBLE ASSETS	**68,487**	2,716	1,903	292	**72,814**
Assets under construction (2)	**2,087**	4,168	(1,903)	-	**4,352**
TOTAL 3 OUTSTANDING TANGIBLE ASSETS	**2,087**	4,168	(1,903)	**-**	**4,352**
Down payments	**35**	-	(35)	-	**-**
TOTAL	**185,445**	**23,211**	**(35)**	**292**	**208,329**

(1) Assets under construction: Intangible assets in progress relate mainly to the design, development and deployment of new operations, payroll and maintenance software solutions. Implementation is carried out by internal and external teams.

(2) Tangible assets under construction mainly relate to real estate.

5.2. Depreciation

Depreciation of intangible and tangible fixed assets is calculated by the straight-line or declining balance methods according to the nature of the assets and to their forecast lifespan.

Depreciation

(in € thousand)	At 31/12/2017	Provisions	Reductions or reversals	At 31/12/2018
Establishment and development costs	**35**	-	-	**35**
Other intangible assets	**65,629**	15,832	-	**81,461**
TOTAL 1	**65,664**	15,832	-	**81,496**
Land	**1,500**	-	-	**1,500**
Buildings	**10,901**	2,040	-	**12,941**
General facilities and fittings	**3,556**	141	-	**3,697**
Plant, equipment, tooling	**975**	367	139	**1,203**
Office and computer equipment and furniture	**10,128**	1,406	47	**11,487**
TOTAL 2	**27,061**	3,954	186	**30,828**
TOTAL	**92,725**	**19,786**	**186**	**112,324**

5.3. Financial assets

(in € thousand)	Gross value at 31/12/2017	Acquisitions and transfers	Disposals and transfers	Gross value at 31/12/2018	Provisions	Net value at 31/12/2018
Holdings valued using equity method	-	-	-	-	-	-
Other shareholdings	1,438,612	279,119	164,111	1,553,620	220,356	1,333,264
Other securities	188	-	-	188	8	180
Borrowings and other financial assets	2,291	207	156	2,342	-	2,342
TOTAL	**1,441,091**	**279,326**	**164,267**	**1,556,150**	**220,364**	**1,335,786**

Investments

The main acquisition during the year is the Group TRAM for €11,086 thousand.

The main subscriptions by Keolis S.A. to the capital of its subsidiaries are:
- Keolis Pays d'Aix: €1,400 thousand
- Keolis Rennes: €1,660 thousand
- Keolis Roissy Airport: €1,640 thousand
- Voyages Autocars Services: €2,722 thousand
- Aérolis: €2,680 thousand
- Keolis America: €29,587 thousand
- Transpôle: €4,963 thousand
- Keolis Grand Nancy: €1,190 thousand
- Keolis Asia: €1,400 thousand
- Keolis Deutschland GmbH & Co: €110,000 thousand

The major decreases in the year come from disposals and liquidations:
- SEM VFD: €2,262 thousand
- Keolis Aveyron: €624 thousand
- Keolis Aix Les Bains: €540 thousand

Receivables related to investments

The major increases in the year are:
- GROUPE KEOLIS S.A.S.: €60,000 thousand
- Keomotion: €14,050 thousand
- Keolis Caen Mobilités: €12,153 thousand
- EFFIA Holding SAS: €6,629 thousand

The main decreases in the year:
- Keolis Lille: €91,504 thousand
- Keolis Danmark: €34,941 thousand
- Keolis America: €25,623 thousand
- Keolis CIF: €1,006 thousand.

5.4. Receivables

5.4.1. Receivable due dates

(in € thousand)	Gross amount	Due in less than one year	Due in more than one year
FIXED ASSETS			
Receivables related to investments	330,329	1,670	328,659
Loans	571	50	521
Other financial assets	1,771	-	1,771
CURRENT ASSETS			
Trade receivables	64,512	64,512	-
Payments on account and deposits	113	113	-
Other receivables (1)	268,258	268,258	-
Prepayments	561	561	-
TOTAL	**666,116**	**335,164**	**330,951**

(1) Other receivables: these include in particular €172,877 thousand of current accounts and €17,188 thousand of share of profits from joint ventures.

5.4.2. Trade receivables and accounts receivable

(in € thousand)	Gross amount	Depreciation, provisions	Net 31/12/2018	Net 31/12/2017
Trade receivables and accounts receivable	64,512	238	64,274	48,605
Other receivables	268,258	35,732	232,526	186,557
Subscribed called non-paid-up capital	-	-	-	-
TOTAL	**332,770**	**35,970**	**296,800**	**235,162**

5.5. Details of accrued income

(in € thousand)	31/12/2018	31/12/2017
ACCRUED INCOME	**28,276**	**32,150**
RECEIVABLES FROM ASSOCIATES	**1,762**	**3,448**
Accrued interest on advances and current accounts	1,762	3,448
CUSTOMER INVOICES OUTSTANDING	**21,828**	**22,576**
Customer invoices outstanding	308	1,012
Group customers – invoices outstanding	21,520	21,563
OTHER RECEIVABLES	**4,686**	**5,912**
Supplier credit notes outstanding	195	34
Tax and social security receivables	408	299
"Better Fortunes" obtained	1,185	1,467
Dividends outstanding	524	-
Other accrued income	2,374	4,112
BANKS, FINANCIAL INSTITUTIONS	**-**	**214**
Accrued income from bank	-	214
TOTAL	**28,276**	**32,150**

5.6. Details of prepaid expenses and deferred income

(in € thousand)	31/12/2018	31/12/2017
PREPAYMENTS	**561**	**1,081**
Rent and charges	-	1,081
Foundation SNCF	500	-
Other	61	-
TOTAL	**561**	**1,081**

6 ■ NOTES ON BALANCE SHEET LIABILITIES

6.1. Equity

(in € thousand)	Amount at 31/12/2017	Allocation 2018	Profit 31/12/2018	Capital increase	Other movements	Amount at 31/12/2018
Capital	412,833	-	-	-	-	412,833
Revaluation difference	1,901	-	-	-	(48)	1,854
Legal reserve	4,685	-	-	-	-	4,685
Retained earnings	(4,173)	4,173	-	-	-	-
Other reserves	132,038	(74,955)	-	-	(183)	56,901
Profit for the year	(70,782)	70,782	(2,123)	-	-	(2,123)
Regulated provisions	1,653	-	-	-	153	1,806
Investment grants	742	-	-	-	-	742
TOTAL	**478,898**	**-**	**(2,123)**	**-**	**(78)**	**476,697**

Allocation of profit from previous financial year

The General Meeting of 3 May 2018 allocated the loss of the 2017 financial year, amounting to (€70,781,998.78), as follows:
(€ thousand)

Profit/(loss) for the year	(70,782)
Retained earnings brought forward	-
DISTRIBUTABLE PROFIT	**(70,782)**
Other reserves	-
TOTAL	**(70,782)**
Dividends paid	-
Retained earnings	-
Other reserves	(70,782)

Share capital

Share capital is fixed at the sum of 412,832,676 euros divided into 34,402,723 shares of nominal value of €12 each.

Regulated provisions

Regulated provisions notably include €1,408 thousand for depreciation, including €154 thousand charged in the year.

6.2. Provisions

6.2.1. Provisions for contingencies

(in € thousand)	At 31/12/2017	Charge	Reversal	At 31/12/2018
Provisions for disputes	714	598	245	1,066
Provisions for Customer guarantees	-	-	-	-
Provisions for loss of contract	-	-	-	-
Provision for fines and penalties	-	-	-	-
Provisions for foreign exchange losses	4,806	6,417	4,806	6,417
TOTAL	**5,520**	**7,015**	**5,051**	**7,483**

6.2.2. Provisions for charges

(in € thousand)	At 31/12/2017	Charge	Reversal	At 31/12/2018
Provisions for long service awards	1,070	65	37	1,098
Provisions for tax	-	-	-	-
Provisions asset renewal	-	-	-	-
Provision for major maintenance	-	-	-	-
Provision for welfare and tax contributions on holiday pay	-	-	-	-
Other provisions for contingencies and charges	2,253	2,743	3,057	1,939
TOTAL	**3,323**	**2,808**	**3,094**	**3,037**

Reversals of utilised provisions

Reversals of provisions used amount to €1,619 thousand, including €107 thousand related to provisions for disputes.

6.2.3. Provisions for depreciation

€256,387 thousand of asset depreciation was recorded at 31/12/2018 compared with €237,358 thousand on 31/12/2017.

They mainly relate to depreciation of investments.

(in € thousand)	At 31/12/2017	Charge	Reversal	At 31/12/2018
Provisions on intangible assets	-	-	-	-
Provisions on tangible assets	53	-	-	53
Provisions on equity-accounted securities	-	-	-	-
Provisions on investments	189,920	57,122	26,861	220,181
Provisions on other financial assets	8,863	-	8,680	183
TOTAL 1	198,836	57,122	35,541	220,417
Depreciation of client accounts	433	-	195	238
Other depreciation	38,089	14,874	17,232	35,732
TOTAL 2	38,522	14,874	17,427	35,970
TOTAL	**237,358**	**71,996**	**52,968**	**256,387**

Depreciation of investments

The major increases in the year are:

- Keolis Alpes Maritime: €8,201 thousand
- Blue Technologies: €2,500 thousand
- Keolis Baie des Anges: €3,847 thousand
- Keolis Touraine: €7,472 thousand
- Keolis Oise: €4,027 thousand
- Loisirs et Voyages: €2,975 thousand
- Autocars Striebig: €2,300 thousand
- Autocars Eschenlauer: €1,600 thousand
- Keolis Val De Saone: €1,006 thousand
- Keolis Roissy Airport: €1,640 thousand
- Cariane Littoral: €1,808 thousand
- Sodetrav: €5,303 thousand
- Holding Striebig: €8,194 thousand
- Keolis Sud Allier: €3,549 thousand

The major decreases in the year are:

- Keolis Bordeaux: €1,331 thousand
- Keolis Evrard: €4,780 thousand
- Keolis Autocars Planche: €1,028 thousand
- Keolis Seine Essonne: €5,705 thousand
- Aérolis: €9,777 thousand
- SEM VFD: €1,737 thousand

6.3. Liability due dates

(in € thousand)	Gross amount at year end	Up to 1 year	More than 1 year
Convertible bond issues	-	-	-
Other bond issues	-	-	-
Bank borrowings (1)	220,732	173,128	47,604
Loans and other financial debts (1)	234,208	774	233,435
Trade payables and related accounts	37,032	37,032	-
Payroll and related accounts	23,616	23,616	-
Welfare and social security	24,348	24,348	-
Government and local authorities	-	-	-
Corporate income tax	-	-	-
Value added tax	4,381	4,381	-
Guarantee bonds	-	-	-
Other tax and related accounts	288	288	-
Debts on assets and related accounts	11,360	11,360	-
Group and associates	686,255	686,255	-
Other liabilities	4,770	4,770	-
Representative debt of securities borrowed or provided as collateral	-	-	-
Deferred income	-	-	-
TOTAL	**1,246,990**	**965,952**	**281,039**
Loans contracted during year	75,000		
Loans reimbursed during year	16,476		

(1) Includes €109,191 thousand of creditor bank balances.

6.4. Operating liabilities

6.4.1. Trade payables and related accounts

(in € thousand)	31/12/2018	31/12/2017
Trade payables	11,884	9,217
Supplier invoices to be received	25,147	23,885
TOTAL	**37,031**	**33,102**

6.5. Details of accrued liabilities

(en milliers d'euros)	31/12/2018	31/12/2017
ACCRUED LIABILITIES		
BORROWINGS AND FINANCIAL DEBTS	**21**	**8**
Accrued interest on borrowings	21	8
BORROWINGS AND FINANCIAL DEBTS	**774**	**534**
Accrued interest on intra-group borrowings	774	534
TRADE PAYABLES & RELATED ACCOUNTS	**25,147**	**23,885**
Supplier invoices not received	25,147	23,885
LIABILITIES ON ASSETS	**10,728**	**7,019**
Supplier invoices not received	10,728	7,019
OTHER LIABILITIES	**2,310**	**1,821**
Customer credit notes outstanding	2,310	1,821
TAX & SOCIAL SECURITY LIABILITIES	**37,710**	**38,332**
Payroll	23,541	24,065
Welfare bodies	13,939	14,148
Other taxes	230	119
ACCRUED INTEREST ON OVERDRAFTS	**96**	**30**
Accrued interest on lending institutions	96	30
TOTAL	**76,786**	**71,629**

6.6. Exchange differences on receivables and payables in foreign currencies

Keolis S.A. has intra-group loans or borrowings denominated in foreign currencies. These loans and borrowings are converted at the closing exchange rate of each currency on 31 December 2018.

At 31 December 2018, Keolis recognised:

- €6,417 thousand of unrealised losses
- €3,730 thousand of unrealised gains.

7 ■ NOTES ON THE INCOME STATEMENT

7.1. Analysis of turnover

The Company generates the vast majority of its revenue in France.
Revenue generated abroad amounts to €16,282 thousand.

7.2. Details of other income and expenses

Other operating income

(in € thousand)	31/12/2018	31/12/2017
Gains on diesel hedging	3,595	1,288
Supplier discounts	6,397	7,019
Other	268	-
TOTAL	**10,260**	**8,307**

Other operating expenses

(in € thousand)	31/12/2018	31/12/2017
Royalties for concessions, patents etc	1,729	717
Losses on bad debts	499	-
Losses on diesel hedging	518	(474)
Settlement differences	-	-
Other	736	197
TOTAL	**3,482**	**440**

7.3. Transfers of expenses

Transfers

(in € thousand)	Amount
Government vocational training agency refunds	644
Insurance	2,361
Pension fund reimbursement	328
Other	3
TOTAL	**3,336**

7.4. Exceptional income and expense

Exceptional expenses

(in € thousand)	Amount
Staff related expenditure	4,988
Net book value of tangible assets	103
Net book value of financial assets	2,901
Fines	2
TOTAL	**7,994**

Exceptional income

(in € thousand)	Amount
Income from tangible asset disposals	201
Income from financial asset disposals	845
Return to better fortunes [(1)]	1,195
Other exceptional income	436
TOTAL	**2,677**

(1) See details of return to better fortunes, page 113

7.5. Corporate income tax

7.5.1. Breakdown of tax between current and exceptional profit

The corporate income tax for the year consists of:

(in € thousand)	Profit before tax	Tax due	Net profit
Current	(10,207)	-	(10,207)
Exceptional	(5,162)	-	(5,162)
CICE	-	(13,526)	13,526
Other tax credits	-	(280)	(280)
Profit sharing	-	-	-
TOTAL	**(15,369)**	**(13,246)**	**(2,123)**

7.5.2. Increase and reduction in future tax liabilities

The deferred tax bases are as follows:

(€ thousand)	Deferred tax base at 1 January 2018	Increase	Decrease	Deferred tax base at 31 December 2018
Provisions and deferred charges				
Provisions for shareholdings	-	-	-	-
Provisions for foreign exchange losses	4,806	6,417	(4,806)	6,417
Other provisions	166	-	(90)	76
Other temporary differences				
Contribution Sociale de Solidarité	647	707	(647)	707
Translation difference - liability	2,523	3,730	(2,523)	3,730
Translation difference - asset	(4,806)	4,806	(6,417)	(6,417)
Income subject to deferred taxation	-	-	-	-
Other	51	-	-	51
TOTAL	**3,387**	**15,660**	**(14,483)**	**4,564**

8 ■ OTHER INFORMATION

8.1. Financial commitments

To finance the acquisition of rolling stock, Keolis S.A. took out a €15 million variable rate loan, repayable in instalments over 8 years which was drawn down on 27 December 2018. This loan is fully hedged by a matched derivative financial instrument.

Keolis S.A. arranged a fixed rate loan of €10 million, repayable in instalments over 3 years to replace a previous €7 million loan repayable in instalments. The amount was drawn down on 3 December 2018.

At 31 December 2018, the available, confirmed and undrawn syndicated credit facility is €390 million. This credit line is available to GROUPE KEOLIS S.A.S. and Keolis S.A.

At 31 December 2018, the portfolio of guarantees and securities given by Keolis S.A. breaks down as follows.

- Bank guarantees (guarantees and endorsements): €442.80 million
- Parent company guarantee: €1,422.40 million

8.2. Pension and long service award commitments

8.2.1. Retirement payments

The amount of pension liabilities at 31 December 2018 stood at €34,162 thousand.
This sum is not provided for in the annual financial statements and appears under financial commitments.

8.2.2. Long service awards

The amount provisioned in the annual financial statements at 31 December 2018 relating to long service awards stands at €1,097 thousand.

8.3. Information on leasing

The booking as capital assets and depreciation of goods financed by leasing would have resulted in the following values at 31 December 2018:

ASSETS UNDER LEASE		Depreciation charges		
(€ thousand)	Initial cost	In year	Accumulated	Net value
Land	341	-	-	341
Buildings	2,044	13	1,530	514
Transport equipment	912	5	912	-
TOTAUX	**3,297**	**18**	**2,442**	**855**

Commitments at 31 December 2018 are as follows:

LEASING COMMITMENTS	Rentals paid		Rentals yet to be paid				
(€ thousand)	In year	Accumulated	Up to 1 year	Between 1 year and 5 years	+ 5 years	Total to be paid	Residual purchase price
Land, buildings	27	1,272	41	166	238	445	190
Sofitra transport equipment	-	2,574	-	-	-	-	-
TOTAUX	**27**	**3,846**	**41**	**166**	**238**	**445**	**190**

8.4. Contractual obligations

The operating leases taken out mainly by Keolis S.A. subsidiaries on vehicles (coaches and buses) are signed with financial institutions for periods not exceeding eight years; the residual value is equal to the projected market value at the end of the rental period. Rentals excluding VAT still outstanding at 31 December 2018 amounted to €225.3 million.

Keolis S.A. provides an undertaking to continue the rental in terms of the payment of the rental amounts that remain due under the contract if the subsidiary defaults. In return, the financing body undertakes to keep the related vehicles available to the Group.

8.5. Average number of employees

	31/12/2018	31/12/2017
Executives	1,397	1,320
Supervisors and technicians	164	164
Employees	30	27
TOTAL	**1,591**	**1,511**

8.6. Remuneration of management, executive or supervisory bodies

The remuneration of management bodies is not provided, since this would indirectly indicate individual remuneration.

8.7. Identity of the consolidating company

The Company belongs to a Group whose consolidating company is GROUPE KEOLIS S.A.S., incorporated and domiciled in France, under SIRET number 49432127600037, headquartered at 20/22 Rue Le Peletier, 75009 Paris.

The consolidated accounts of GROUPE KEOLIS S.A.S. are established in accordance with articles L 233-16 to L 233-28 of the French Commercial Code.

8.8. Information relating to subsidiaries and shareholdings

See attached table.

9 ■ POST BALANCE SHEET EVENTS

There are no significant post-balance sheet events to report.

Information on subsidiaries and non-consolidated investments (position at 31 December 2018)

DETAILED INFORMATION ON SHAREHOLDINGS WHOSE CARRYING AMOUNTS EXCEED 1% OF THE CAPITAL OF THE COMPANY REQUIRED TO PUBLISH ITS FINANCIAL STATEMENTS

A - SUBSIDIARIES (AT LEAST 50% OF CAPITAL HELD BY THE COMPANY)

(€ thousand) Companies or groups of companies	Equity at 31 December 2018		Percentage of capital held at 31 December 2018	Gross value of securities held at 31 December 2018	Net carrying value of securities held at 31 December 2018	Loans and advances granted by the Company and not refunded in credit at 31 December 2018	Amount of deposits and guaranatees supplied by the Company at 31 December 2018	Revenue excl. VAT for financial year ended 31/12/2018	Net profit or loss (-) for financial year ended 31/12/2018	Dividends collected by the Company during the 2018 financial year
	Share capital	Other equity								
1) French subsidiaries										
Keolis Chalons en Champagne Chemin des Grèves - BP 68 - 51000 Chalons-en-Champagne	148	1,899	99.24	861	861	-3,845	-	7,228	461	-
Keolis Oyonnax Rue de la Tuilerie - 01100 Arbent	90	48	99.98	90	90	-130	-	2,125	19	-
Keolis Château-Thierry 5 rue Vallée - 02400 Château-Thierry	25	65	100.00	25	25	-111	-	2,290	22	-
Keolis Chauny-Tergnier 150 avenue Jean Jaurès - 02300 Chauny	45	157	100.00	45	45	-780	-	1,978	55	-
Keolis Montluçon Rue des Canaris - 03100 Montluçon	197	279	100.00	197	197	-1,092	-	4,654	42	-
Keolis Sud Allier 14 boulevard Alsace Lorraine - 03300 Cusset	243	2,914	100.00	23,379	5,810	1,412	-	8,289	98	-
Keolis Vichy Boulevard Alsace Lorraine - 03300 Cusset	300	691	100.00	660	660	-704	-	2,279	8	-
Keolis Alpes Maritimes 840 Avenue Emile Hugues - 06140 Vence	6,439	11,740	99.79	8,251	-	3,774	-	27,693	8,400	-
Keolis Garonne ZI de Bonzom - 09270 Mazères	398	308	100.00	1,968	1,968	755	-	7,436	-186	-
Société de gestion de l'Aéroport de Troyes en Champagne 20-22 rue Le Peletier - 75009 Paris	10	-36	100.00	10	-	55	-	-	-	-
Keolis Aude Pech Loubat - 11000 Narbonne	1,783	-1,392	100.00	2,857	2,667	2,433	-	11,285	-529	-
Keolis Narbonne Mobilité Avenue de Pech Loubat - 11000 Narbonne Cedex	870	-761	100.00	870	98	-95	-	40	64	-
Keolis Cote d'Azur 59, rue de la Buffa - 06000 Nice	289	704	100.00	289	289	-1,106	-	3,100	53	-
Keolis Baie des Anges 742 route de Grenoble - 06200 Nice	7,985	-7,984	100.00	11,470	-	57	-	12,739	-330	-
Keolis Camargue 20, rue de la Villette - 69328 Lyon	58	148	99.97	2,889	208	-187	-	-	-3	-

(€ thousand) Companies or groups of companies	Equity at 31 December 2018 Share capital	Equity at 31 December 2018 Other equity	Percentage of capital held at 31 December 2018	Gross value of securities held at 31 December 2018	Net carrying value of securities held at 31 December 2018	Loans and advances granted by the Company and not refunded in credit at 31 December 2018	Amount of deposits and guarantees supplied by the Company at 31 December 2018	Revenue excl. VAT for financial year ended 31/12/2018	Net profit or loss (-) for financial year ended 31/12/2018	Dividends collected by the Company during the 2018 financial year
Société Transports Robert 31 avenue José Nobre - BP 57 - 13500 Martigues	38	471	99.96	821	-	956	-	8,099	-759	2,500
Société Autocars de Provence 289 rue des Roseaux - 13320 Bouc Bel Air	428	-1,490	99.97	1,222	-	5,425	-	11,750	-2,154	-
Keolis Pays d'Aix Rue des roseaux - Quartier du verger - 13320 Bouc Bel Air	10,010	-8,824	100.00	10,010	10,010	-6,153	-	39,395	-902	-
SCAC 398 Avenue du Mistral - ZI ATHELIA - 13600 - La Ciotat	4,799	-4,693	100.00	5,447	-	741	-	1,980	-471	-
Keolis Calvados 19, chemin de Courcelle - BP 127 - 14128 Mondeville	1,100	5,601	100.00	1,152	1,152	-6,306	-	4,017	687	-
Keolis Bus Verts 19 chemin de Courcelles – 14120 – Mondeville	1,100	6,782	100.00	1,100	1,100	-12,255	-	31,723	2,388	-
Keolis Pays Normands ZI la Madeleine, rue de l'Ile du Marais Carentan - 50500 Carentan	276	990	100.00	1,268	1,268	155	-	7,505	410	-
Keolis Caen 15 rue de la Geôle - 14000 Caen	1,065	2,795	100.00	2,251	2,251	-4,907	-	390	-118	-
Keolis Littoral 2 avenue du Pont Neuf - 17300 Rochefort	4,259	-734	100.00	4,258	4,258	-1,849	-	16,896	1,134	-
Keolis Saintes Rue des Perches - ZI Charriers - 17100 Saintes	140	183	100.00	139	139	-249	-	1,634	44	-
Compagnie du Blanc Argent Gare de Romorantin - 41200 Romorantin	279	2,452	99.41	4,139	4,139	-2,460	-	5,327	390	-
Keolis Centre 86 rue du village d'En Haut - 18230 Saint Doulchard	6,051	-6,388	100.00	6,153	-	393	-	759	-669	-
Keolis Bourgogne 17, rue du Bailly - ZI Dijon Saint Apollinaire - 21000 Dijon	153	6,183	99.50	1,917	1,917	-5,998	-	13,569	905	-
Keolis Beaune 17, rue du Bailly - ZI Dijon Saint Apollinaire - 21000 Dijon	60	58	100.00	60	60	-252	-	2,162	28	-
Keolis Dijon 49, rue des ateliers - 21000 Dijon	1,206	1,655	100.00	1,414	1,414	-4,189	-	712	-57	-
Keolis Dijon Mobilité 49, rue des ateliers - 21000 Dijon	1,200	1,151	70.00	830	830	-11,535	-	75,523	629	
Monts Jura Autocars 4, rue Berthelot - 25000 Besançon	2,329	-2,399	100.00	10,196	10,196	6,072	-	23,035	-2,461	-
Keolis Pays Montbéliard CD 126 La Chamotte - 25420 Voujeaucourt	546	444	100.00	542	542	-1,824	-	6	5	-

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Keolis Urbest 4 rue Berthelot - 25000 Besançon	640	733	100.00	801	801	-1,101	-	272	74	-
Keolis Drôme Ardèche 26, rue Laurent de Lavoisier - 26800 Portes-lès-Valence	573	4,192	100.00	3,507	3,507	-3,653	-	12,424	772	-
Keolis Montélimar 8 avenue de la Feuillade - ZA du Meyrol - 26200 Montélimar	47	26	100.00	47	47	-99	-	33	9	-
Keolis Eure 2 rue Lakanal - ZI n° 2 - 27031 Evreux	467	6,191	100.00	1,555	1,555	-1,321	-	16,014	1,034	-
Keolis Eure et Loir Les Fenots - 28100 Dreux	538	4,022	100.00	2,363	2,363	-1,830	-	14,348	463	-
Keolis Drouais Les Fenots - 28100 Dreux	82	194	100.00	82	82	-132	-	5,256	49	-
Keolis Quimper 1 Rond Point de Quistinidal - 29000 Quimper	259	423	100.00	257	257	-3,086	-	13,655	104	-
Keolis Brest 7 rue Ferdinand de Lesseps - 29806 Brest	8,456	-8,141	100.00	8,448	8,448	-2,935	-	41,346	-774	-
Keolis Morlaix ZI de Kérivin - 29600 St Martin des Champs	59	106	96.00	57	57	-1,099	-	5,311	39	-
Keolis Maritime Brest 1 rue Eperon - Port de Commerce - BP 80713 - 29200 Brest	8	-147	100.00	8	-	-332	-	9,780	5	-
Keolis en Cévennes 389 chemin du Viguet - 30100 Alès	97	27	99.19	95	-	-76	-	-	-3	-
Keolis Alès 389 chemin du Viguet - 30100 Alès	120	206	100.00	120	120	-231	-	10,588	79	
Sté des Transports en Commun Nimois 388 rue Robert Bompard - 30000 Nîmes	750	803	100.00	1,090	1,090	-7,039	-	43,432	215	-
Keolis Auch 7 Place de la Libération - 32000 Auch	218	-53	100.00	221	221	-55	-	1,892	55	-
Les Cars de Bordeaux 8, rue d'Artagnan - 33000 Bordeaux	264	1,419	49.97	379	379	318	-	9,548	333	-
Keolis Gironde ZA les Artigons Issac - 33160 Saint Médard en Jalles	684	11,451	90.65	6,658	6,658	-8,908	-	18,859	823	-
Autobus d'Arcachon 1431 bd de l'Industrie - 33260 La Teste de Buch	217	1,102	100.00	2,931	2,931	-609	-	2,756	-32	1,500
Keolis Bordeaux Métropole 12 boulevard Antoine Gautier – 33000 Bordeaux	5,000	22,387	100.00	5,000	5,000	-35,053	-	234,747	6,250	-

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Keolis Bordeaux 12 Boulevard Antoine Gautier - 33000 Bordeaux	10,000	1,540	100.00	18,058	11,331	-12,917	-	-	707	-
Keolis Narbonne Avenue de Pech Loubat - 11100 Narbonne	240	-290	100.00	200	200	-191	-	12,317	-173	-
Les Courriers du Midi 9, rue de l'Abrivado - BP 85121 - 34073 Montpellier Cedex 3	2,039	2,263	100.00	5,117	5,116	-1,140	-	21,127	400	-
Keolis Languedoc 927, avenue Joliot Curie - 30000 Nîmes	90	2,951	99.98	899	899	-2,284	-	6,105	423	-
Cars du Bassin de Thau 21 av de la Méditerranée - Lieudit Etang d'Ingril - 34110 Frontignan-La Peyrade	278	1,083	100.00	278	278	-696	-	4,896	229	-
Keolis Armor 26, rue du Bignon - CS 27403 - 35135 Chantepie	1,505	11,499	78.21	12,755	12,755	-6,899	-	43,839	709	-
Société Rennaise de Transports & Services Handistar 26 rue Bignon - 35135 Chantepie	43	161	100.00	44	44	-1,225	-	4,027	42	-
Keolis Saint Malo rue des Rougeries BP 70548 - 35405 Saint Malo Cedex	461	-1	100.00	461	461	-1,159	-	9,834	21	-
Keolis Rennes Rue Jean Marie Huchet - CS94001 - 35040 Rennes	6,198	-2,915	100.00	6,196	6,196	-22,518	-	129,793	1,874	-
Keolis Châteauroux 6 allée de la Garenne - ZI - 36000 Châteauroux	170	192	100.00	169	169	-223	-	5,814	38	-
Keolis Touraine Impasse de Florence - 37700 St Pierre des Corps	6,087	-3,097	100.00	7,472	-	-918	-	14,166	22	-
Keolis Tours Avenue de Florence - 37700 Saint Pierre des Corps	1,910	1,555	100.00	1,906	1,906	-12,915	-	61,450	340	-
Train Bleu St Marcellin 3 impasse Claude Charon - 38160 St Marcellin	274	-144	99.97	594	594	70	-	1,287	-131	-
Voyages Monnet Route de Grenoble - 38590 St Etienne de St Geoirs	537	-1,775	100.00	2,505	-	1,267	-	-10	-221	-
Keolis Porte d'Isère Avenue du Lemand - 38090 Villefontaine	300	1,154	100.00	300	300	-2,392	-	10,057	484	-
Sté d'exploitat de l'aéroport Dole Jura 33 place de la Comédie - 39000 Lons Le Saunier	50	-226	51.00	26	1	400	-	2,600	-112	-

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	Share capital	Other equity								
Keolis Gascogne 215 Route de Benquet - ZA de la Téoulière - 40280 Saint Pierre du Mont	135	440	52.89	594	594	632	-	5,911	-157	-
Keolis Blois 9 rue Alexandre Vezin - 41000 Blois	1,118	-748	100.00	1,117	1,117	-658	-	10,954	-144	-
Keolis Atlantique 3, rue de la Garde - ZI Bois Briand - 44300 Nantes	2,076	7,071	100.00	9,926	9,926	-1,548	-	35,643	253	-
Transports de la Brière 7, rue Pierre Vergniaud - Penhoet - 44600 Saint - Nazaire	92	430	59.80	1,221	1,221	-124	-	2,529	-145	-
Keolis Voyages 3, rue de la Garde-Zone de Bois Briand - 44300 Nantes	8	82	100.00	7	7	74	-	3,023	31	-
Keolis Montargis 16 rue de la Baraudière - 45700 Villemandeur	163	217	100.00	163	163	-756	-	4,383	46	-
Keolis Orléans Val de Loire 64 rue Pierre Louget - 45800 Saint Jean de Braye	802	2,029	100.00	802	802	1,508	-	69,574	3	-
Keolis Agen Rue Georges Clemenceau - 47240 Bon Encontre	224	192	100.00	224	224	-1,010	-	7,717	117	-
Keolis Marmande Impasse Doumayne - ZA de Girauflat - 47200 Marmande	135	193	100.00	135	135	-354	-	2,176	45	-
Keolis Val de Maine Rue du Bois Rinier - ZI Saint Barthélémy - 49124 Saint Barthélémy d'Anjou	35	11	100.00	35	35	-136	-	1,196	-	-
Société de Gestion de l'Aéroport d'Angers Marcé Aéroport d'Angers-Marcé - 49140 Marcé	8	-597	100.00	8	-	694	-	1,595	-222	-
Keolis Angers Rue du Bois Rinier - 49124 Saint Barthélémy d'Anjou	922	3,653	100.00	921	921	-10,181	-	60,850	339	-
Keolis Manche La Fosse Yvon - 50440 Beaumont Hague	497	2,606	100.00	3,102	3,102	-2,940	-	5,364	477	-
Keolis Cherbourg 491 rue de la Chasse aux Loups - 50110 Tourlaville	299	310	100.00	382	382	-1,728	-	9,818	100	-
Keolis Chaumont Rue du Vieux Moulin - 52000 Chaumont	149	246	100.00	149	149	-707	-	3,840	41	-
Keolis Laval Mobilité Centre JM Moron - rue Henri Batard - BP 0909 - 53009 Laval Cedex	369	227	100.00	368	368	-716	-	-	7	-

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Keolis Laval Centre JM Moron - rue Henri Batard - BP 0909 - 53009 Laval Cedex		543	100.00	369	369	-2,052	-	12,324	93	-
Keolis Sud Lorraine 1 rue de la Sablière - 54136 Bouxières Aux Dames	2,575	4,014	100.00	2,576	2,576	-1,504	-	27,997	1,103	-
Keolis Bassin de Pompey 3 rue de la Sablière - 54136 Bouxières Aux Dames	95	144	100.00	95	95	-200	-	1,898	100	-
Keolis Lorient Boulevard Yves Demaine - 56323 Lorient Cedex	489	-13	100.00	563	482	-933	-	423	-20	-
Keolis Maritime Lorient 1 rue Yves Montand - 56260 Larmor-Plage	10	1,048	99.00	10	10	-1,065	-	2	50	-
Keolis 3 Frontières 5 rue de l'Abbé Grégoire - 57050 Metz	1,976	7,198	100.00	5,869	5,869	-6,066	-	30,732	712	-
Keolis Nevers 120 route de Marzy - 58000 Nevers	324	123	100.00	324	324	-1,907	-	6,948	112	-
Trans Val-de-Lys ZA de la nouvelle énergie - Rue de l'énergie prolongée - 59560 Comines	1,101	6,916	100.00	2,027	2,027	-10,514	-	23,995	1,098	-
Keolis Val Hainaut 36, rue Ernest Macarez - 59300 Valenciennes	165	4,659	96.32	3,222	3,222	-5,381	-	5,560	684	-
Keolis Lille Château Rouge - 276 avenue de la Marne - 59700 Marcq en Baroeuil	65,484	-75,058	100.00	65,981	-	-11,722	-	86,492	-448	-
Transports Evrard 304 avenue du Tremblay - ZI de Vaux - 60100 Creil	1,320	2,229	100.00	8,450	4,780	3,875	-	10,364	529	-
Keolis Oise 21, avenue Felix Louat - 60300 Senlis	183	7,276	100.00	4,027	-	7,721	-	19,983	-1,852	1,500
Keolis Alençon 20 rue Ampère - 61000 Alençon	38	-46	100.00	38	-	1	-	-	2	-
Keolis Arras Rue Mongolfier ZI Est - 62000 Arras	581	327	100.00	669	669	-3,442	-	12,201	129	-
Keolis Artois Gohelle 59 avenue Van Pelt - 62300 Lens	908	1,709	99.99	677	677	-4,329	-	-	113	-
Caron Voyages Resurgat 1 - 64 Boulevard industriel - 62230 Outreau	2,160	-1,319	100.00	2,465	-	80	-	3,105	-	-
Voyages Dourlens ZAL n°3 - rue de Belle Vue - 62700 Bruay La Buissiere	861	-708	100.00	1,171	-	-371	-	1,750	-63	-
Voyages Fouache 1321 route Nationale - 62117 Brebières	400	1,579	100.00	4,301	4,301	-176	-	4,819	259	-

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Keolis Boulogne sur Mer 46/48 Rue des Canonniers - 59000 Lille	359	230	100.00	559	559	-623	-		-	-
Westeel Voyages 2, rue F. Jiolat - 62430 Sallaumines	3,325	2,966	100.00	5,520	5,520	-4,349	-	20,224	678	-
Loisirs et Voyages ZI de l'Industrie - 63600 Ambert	914	2,096	100.00	4,254	1,279	-754	-	10,571	227	2,000
TPR Chemin de la Saligue - 64140 Lons	567	289	100.00	2,296	2,296	850	-	6,221	391	-
Keolis Pyrénées Quartier Lasbats - Route de Pau - 65420 Ibos	1,367	1,990	95.16	2,626	2,626	-1,439	-	13,160	485	-
Keolis Grand Tarbes Centre Kennedy - Rue Jean Loup Chretien - 65000 Tarbes	179	145	100.00	747	747	-1,056	-	5,034	24	-
Les Courriers Catalans 7 rue Jean Perrin - 66000 Perpignan	2,160	-1,623	100.00	3,401	600	-473	-	-	-2	-
Transports GEP Vidal 7, rue Jean Perrin - 66000 Perpignan	1,314	-1,041	100.00	2,327	2,327	633	-	3,995	-182	-
Compagnie des Transports de Perpignan 20-22 rue Le Peletier - 75009 Paris	85	-9	100.00	78	78	-185	-	-	-	-
Holding Striebig 198 avenue de Strasbourg – 67170 Brumath	2,540	-2,561	100.00	11,495	3,301	153	-	-	-82	-
Keolis Obernai 7 rue de la Gare - 67210 Obernay Cedex	31	25	100.00	31	31	-206	-	777	6	-
Autocars Striebig 198 avenue de Strasbourg – 67170 Brumath	1,400	293	100.00	2,300	-	3,550	-	16,783	698	-
Autocars Eschenlauer Route de Dresenheim - 67620 Soufflenheim	300	1,867	90.97	1,600	-	-616	-	6,895	715	-
Autocars Planche 69 rue du Champ du Garet - 69400 Arnas	5,196	12,071	100.00	15,632	15,632	-10,076	-	36,258	1,404	10,000
Keolis PMR Rhône ZI La Bandonnière - 4, rue Maurice Audibert - 69800 Saint-Priest	1,639	-286	100.00	1,639	1,639	-769	-	4,211	134	-
Interhône Alpes 69, rue du Champ du Garet - BP 80157 - Arnas - 69655 Villefranche sur Saône	40	2,312	100.00	38	38	-2,343	-	-	3	-
Keolis Lyon 19, boulevard Vivier Merle - 69212 Lyon Cedex 03	56,346	-36,898	100.00	56,398	56,398	-63,874	-	408,653	7,668	-
Keolis Val de Saône 30, rue de Guerlande - Zone Verte - 71880 Chatenay le Royal	953	1,552	99.27	1,006	-	-627	-	10,994	71	-

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Keolis Mobilité Paris 58 averue des Terroirs de France - 75012 Paris	162	49	100.00	162	162	1,921	-	12,898	-924	-
Institut Keolis 20-22 rue Le Peletier - 75009 Paris	37	7,792	100.00	37	37	-6,111	-	30	1,922	-
Keolis Seine Maritime 55/57, le Nid de Verdier - 76400 Fécamp	185	8,465	100.00	5,631	5,631	-6,769	-	16,802	1,153	-
Les Courriers de l'Ile-de-France 34, rue de Guivry - 77980 Le Mesnil-Amelot	344	38,055	99.99	560	560	11,523	-	99,112	2,638	-
Airelle 1 à 9 avenue Francois Mitterand - Immeuble Le Jade - 93200 Saint Denis	6,108	-11,367	100.00	6,104	-	4,472	-	-	-24	-
Keolis Roissy Airport Rue de Paris Lieu-dit La Maladrerie - 77990 Mesnil Amelot	5,059	-5,557	100.00	5,059	-	2,054	-	7,970	-1,436	-
Aerosat Rue des Acacias - 77990 Le Mesnil Amelot	50	1,740	85.00	43	43	-1,795	-	-	-24	-
Keolis Mobilité Roissy 34 rue de Guivry - 77990 Le Mesnil Amelot	424	-828	100.00	424	-	699	-	12,136	-743	-
Keolis Roissy Services Aeroportuaires Rue de Paris - Lieu-dit La Maladrerie - 77990 Le Mesnil Amelot	572	-169	100.00	572	362	112	-	8,469		-
Cie des Transports Collectifs de l'Ouest Parisien 18, rue de la Senette - 78755 Carrières sous Poissy	40	2,894	50.00	20	20	-165	-	12,434	505	114
Keolis Versailles 12 avenue du Général de Gaulle - Les Manèges - 78000 Versailles	680	15,224	99.90	2,960	2,960	-9,200	-	31,122	1,847	-
Keolis Yvelines 12 avenue du Général de Gaulle - Les Manèges - 78000 Versailles	358	-11	99.68	959	959	2,756	-	9,423	-195	-
Keolis Somme ZI du Frier - 80290 Poix de Picardie	219	-53	99.99	219	219	60	-	2,008	-31	-
Société d'Exploitation de l'Aéroport Albert Picardie Rue Henri Potez - 80300 Meaulte	50	-219	50.96	26	-	286	-	-	-35	-
Keolis Abbeville Place de la Gare - 80100 Abbeville	162	148	99.02	186	186	-281	-	-	-48	-
Keolis Littoral Place de la Gare - 59820 Gravelines	2,822	-2,538	100.00	2,824	1,016	463	-	4,648	-31	-
Société Départementale des Transports du Var 175 Chemin du Palyvestre - 83400 Hyères	1,344	663	95.08	5,303	-	3,196	-	15,412	-1,081	-

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Keolis Châtellerault 6 rue Le Prince Ringuet - 86100 Châtellerault	113	154	100.00	111	111	-878	-	3,874	43	-
Keolis Epinal ZAC de la Magdeleine - 88000 Epinal	141	1,522	100.00	141	141	-1,755	-	5,368	384	-
Keolis Seine Senart 19, rue Charles Mory - 91210 Draveil	47	10,773	100.00	5,783	5,783	-4,049	-	13,946	1,095	-
Transports Daniel Meyer 123 rue Paul Fort - 91310 Montlhery	240	30,003	100.00	39,039	39,039	2,969	-	35,314	2,421	-
Keolis Seine Val de Marne 172 avenue François Mitterrand - 91200 Athis Mons	230	8,009	100.00	5,594	5,594	2,826	-	33,945	733	-
Keolis Seine Essonne 110, route Nationale 191 - La belle Etoile - 91540 Mennecy	3,004	-1,895	100.00	5,705	5,705	4,401	-	10,902	275	-
Keolis Orly Airport 1 à 3 avenue François. Mitterand - 93200 Saint Denis	282	1,709	100.00	759	759	-1,218	-	10,377	-241	-
Société & Exp. Francilienne Inter Modalité (STEFIM) 1 à 3 avenue Francois Mitterand - Immeuble Le Jade - 93200 Saint Denis	40	-1,963	100.00	40	-	1,827	-	1,510	-444	-
Autocars Delion 12 rue Jean Perrin - 92000 Nanterre	482	932	100.00	2,557	2,557	667	-	8,425	-18	-
S.F.D 20-22 rue Le Peletier - 75009 Paris	40	-8	100.00	1,184	566	-571	-	-	-8	524
Keolis Travel Services 12 rue Jean Perrin - 92000 Nanterre	1,057	-3,885	100.00	1,057	-	2,213	-	5,155	-1,567	-
Voyages Autocars Services 52 rue Jean Lemoine - 93230 Romainville	5,136	-4,857	100.00	7,092	3,033	3,275	-	7,515	-1,151	-
Pacific Cars 20 rue du Bailly - 93210 La Plaine Saint-Denis	1,300	-3,250	100.00	4,581	-	2,113	-	55	-195	-
Keolis Val d'Oise 1,chemin Pavé - 95340 Bernes sur Oise	128	2,960	99.99	130	130	842	-	6,293	541	-
Aérobag Rue de Paris - lieu-dit La Maladrerie - 77990 Mesnil Amelot	8	-3,965	100.00	8	-	3,689	-	4,472	-1,415	-
Aerolis Lieu-dit La Maladrerie – Rue de Paris au Mesnil Amelot (77990)	10,939	-8,144	100.00	12,457	12,457	-4,236	-	30,523	927	-
Keolis Conseil & Projets 20 rue de la Villette - Immeuble le Bonnel - 69003 Lyon	8	756	100.00	8	8	-1,684	-	2,758	242	-
Kisio Solution 20-22 rue Le Peletier - 75009 Paris	7,235	-5,821	100.00	7,235	7,235	3,237	-	2,110	-850	-

(€ thousand) Companies or groups of companies	Equity at 31 December 2018		Percentage of capital held at 31 December 2018	Gross value of securities held at 31 December 2018	Net carrying value of securities held at 31 December 2018	Loans and advances granted by the Company and not refunded in credit at 31 December 2018	Amount of deposits and guararantees supplied by the Company at 31 December 2018	Revenue excl. VAT for financial year ended 31/12/2018	Net profit or loss (-) for financial year ended 31/12/2018	Dividends collected by the Company during the 2018 financial year
	Share capital	Other equity								
SCI Héron Verdier 55/57 Le Nid de Verdier - 76400 Fécamp			100.00	228	228	-	-	-	-	-
REV (Réseau en Vosges) 3 place Gambetta - 88300 Neufchâteau	10	22	70.00	7	-	26	-	301	2	-
Keolis Amiens 45 rue Dejean - 80000 Amiens	654	1,101	100.00	654	654	-8,981	-	32,849	184	-
Les Transports Dunois Route de la souterraine - Dun le Palestel 23800	629	-463	100.00	651	171	-164	-	-	-	-
Keolis Creil ZI du Marais sec - rue du pont de la brèche sud - Villers Saint-Paul 60780	250	818	83.97	210	210	-984	-	7,095	-114	-
Voyages Chargélègue 20 rue Grand rue Vasles - 79340 Menigoute	1,291	-1,561	100.00	1,772	-	181	-	-	-	-
TRANSKEO 266 avenue du Président Wilson - Immeuble Le Stadium - 93200 Saint Denis	1,500	1,163	51.00	765	765	-5,428	-	16,804	458	-
Les Coccinelles 33 rue Ernest Renan - 94200 Ivry sur Seine	35	2,483	100.00	4,215	4,215	-	-	3,969	304	-
Keolis Val de Marne 41 rue Le Corbusier - 94000 Créteil	444	-638	100.00	444	-	644	-	3,135	-358	
Keolis Côte Basque Adour Chemin de Marouette - 64100 Bayonne	600	283	100.00	600	600	-2,784	-	28,309	161	-
Keolis Chauny-Tergnier - La Fère Scolaire 150 avenue Jean Jaurès - 02300 Chauny	10	22	100.00	10	10	-259	-	3,180	17	-
Transpole 276 avenue de la Marne - 59700 Marcq en Baroeul	5,000	2,660	100.00	5,000	5,000	-49,574	-	227,295	2,660	-
Keolis Saintes rue des Perches - ZI des Charriers - 17100 Saintes	125	3	100.00	125	125	-1,294	-	2,216	3	-
Keolis Caen Mobilité 15 rue de Geôle - 14000 Caen	1,100	1,172	100.00	1,100	1,100	-7,073	-	59,907	-194	-
Keolis Besançon Mobilités 5 rue Edouard Branly - 25000 Besançon	800	-166	100.00	800	800	-3,387	-	37,104	-166	-
Keolis Chambéry 18 avenue des Chavaliers Tireurs - 73000 Chambéry	500	-	100.00	500	500	-	-	-	-	-
Keolis Riom 5 rue Joaquin Perez Carretero - 63200 Riom	75	-14	100.00	75	75	-290	-	1,177	-14	-

(€ thousand) Companies or groups of companies	Equity at 31 December 2018		Percentage of capital held at 31 December 2018	Gross value of securities held at 31 December 2018	Net carrying value of securities held at 31 December 2018	Loans and advances granted by the Company and not refunded in credit at 31 December 2018	Amount of deposits and guarantees supplied by the Company at 31 December 2018	Revenue excl. VAT for financial year ended 31/12/2018	Net profit or loss (-) for financial year ended 31/12/2018	Dividends collected by the Company during the 2018 financial year
	Share capital	Other equity								
Keolis Métropôle Orléans 64 rue Pierre Louguet - 45800 Saint Jean de Braye	800	-	100.00	800	800	-800	-	-	-	-
Keolis Tours Access Impasse de Florence - 37700 Saint Pierre des Corps	-	-	100.00	50	50	-	-	-	-	-
Keolis Grand Nancy 59 rue Marcel Brot - 54000 Nancy	1,200	-	100.00	1,200	1,200	-	-	-	-	-
Keolis Grand Bassin de Bourg en Bresse 8 rue Jean Gutenberg - 01000 Bourg en Bresse	200	-	100.00	200	200	-200	-	-	-	-
TRAM 10 rue Emile Léonard - 06300 Nice	700	2,084	100.00	6,902	6,902	-1,423	-	7,662	-728	-
SATRVAM 74 chemin de l'Arbre Inférieur - 06000 Nice	264	-11	100.00	743	743	-	-	-	-4	-
Phocéens Cars 62 avenue de l'Arbre inférieur - 06000 Nice	700	1,749	100.00	3,441	3,441	-355	-	3,639	10	-
KLP01 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP30 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP31 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP32 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP33 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP34 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP35 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP36 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP37 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP38 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-
KLP39 20-22 rue Le Peletier - 75009 Paris	10	-	100.00	10	10	-	-	-	-	-

(€ thousand) Companies or groups of companies	Equity at 31 December 2018		Percentage of capital held at 31 December 2018	Gross value of securities held at 31 December 2018	Net carrying value of securities held at 31 December 2018	Loans and advances granted by the Company and not refunded in credit at 31 December 2018	Amount of deposits and guarantees supplied by the Company at 31 December 2018	Revenue excl. VAT for financial year ended 31/12/2018	Net profit or loss (-) for financial year ended 31/12/2018	Dividends collected by the Company during the 2018 financial year
	Share capital	Other equity								
2) Foreign subsidiaries										
Keolis Nordic * c/o Advokatfirman Vinge KB - Box 1703 - 111 87 Stockholm - Sweden	100 SEK	367,131 SEK	100.00	46,034	46,034	14,149	-	42 SEK	69,138 SEK	-
Keolis Espagne Via Augusta, 291 - 08017 Barcelona - Spain	4,508	-510	100.00	20,445	3,997	-3,925	-	-	-	-
Keolis Canada inc * 1 place Ville Marie - H3B 4M7 Montréal - Canada	29,569 CAD	-39,244 CAD	100.00	20,892	20,892	25,838	-	101,316 CAD	-2,476 CAD	-
Keolis UK * Evergreen Buiding North - 160 Euston Road - NW1 2DX Londres - United Kiingdom	2,000 GBP	57,719 GBP	100.00	3,059	3,059	-3,139	-	247 GBP	16,115 GBP	-
Keolis Bus Danmark * 2/4, Thorvald Borgs Gade - 2300 Copenhagen - Denmark	1,800 DKK	196,875 DKK	100.00	21,680	21,680	8,657	-	953,781 DKK	11,361 DKK	-
Striebig Deutschland lundelbrunnstrasse 6 - 76887 bad bergzabern - Germany	60	-71	100.00	1,000	1,000	-	-	849	-40	-
Keolis Deutschalnd Gmbh & Co. KG Rheinstrasse 4E - 55116 Mainz - Germany	110,052	-91,099	100.00	110,736	110,000	-103,920	-	192,343	-24,608	-
Keolis Deutschland Verwaltungsgesellschaft Gmbh KG Postfach-103255 - 40023 Düsseldorf - Germany	26	-17	100.00	26	-	-	-	-	1	-
Keolis Vlaanderen Oosterring 17 - 3600 Genk - Belgium	7,349	13,002	100.00	22,708	22,708	-	-	1,024	-323	-
Keolis America * c/o National Corporate Research, 615 South Dupont Highway Dover, Kent County 19901 Delaware - USA	135,205 USD	-47,375 USD	100.00	113,742	113,742	56,169	-	4,668 USD	-6,553 USD	-
Keolis Australie * 140 William Street - VIC 3000 Melbourne - Australia	32,020 AUD	29,050 AUD	100.00	22,616	22,616	19	-	770 AUD	4,177 AUD	-
Keolis Tramway d'Alger * 2 impasse Bossuet - Alger - Algeria	- DZD	- DZD	-	198	-	-	-			
Eurobus Holding SA 62 av. de Navagne - 4600 Visé - Belgium	25,000	36,196	100.00	131,453	131,453	-	-	1,981	-546	-
Keolis Hyderabad Mass Rapid Transit System Private Limited * Cyber Tower - Q3 L4 - 500081 Hyderabad - India	3,500 INR	64,050 INR	100.00	50	50	-	-	833,334 INR	62,829 INR	-
Kilux Weiswampach - Grand Duché - Luxembourg	13	132	100.00	20	20	-	-	576	16	-
KIBEL 62 av. de Navagne - 4600 Visé - Belgium	37,671	33,672	100.00	81,708	81,708	-163,574	-	7,000	543	-
SYNTUS 5 Visbystraat - 7418 Be Deventer - Netherlands	272	-15,690	100.00	22,248	22,248	-20,054	-	237,905	-7,623	-
Keolis Nederland 5 Visbystraat - 7418 Be Deventer - Netherlands	18	200	100.00	588	520	7	-	112	-	-
RDK 54 quai de la rapée - 75012 Paris	60	-	50.00	30	30	12,467	-	854	-	-
Keolis Asia * 61 Robinson Road - 068893 Singapour	2,198 SGD	-40 SGD	100.00	1,400	1,400	-	-	- SGD	-40 SGD	-

B - NON CONSOLIDATED INVESTMENTS (BETWEEN 10% AND 50% HELD BY COMPANY)

(€ thousand) Companies or groups of companies	Equity at 31 December 2018		Percentage of capital held at 31 December 2018	Gross value of securities held at 31 December 2018	Net carrying value of securities held at 31 December 2018	Loans and advances granted by the Company and not refunded in credit at 31 December 2018	Amount of deposits and guaranteees supplied by the Company at 31 December 2018	Revenue excl. VAT for financial year ended 31/12/2018	Net profit or loss (-) for financial year ended 31/12/2018	Dividends collected by the Company during the 2018 financial year
	Share capital	Other equity								
1) French subsidiaries										
T.I.C.E 352 rue des Champs Elysées - 91026 Evry	182	1 153	19.00	35	35	-	-	-	-	-
Scodec Voyages SCOP La Tuilerie du Vignault - 79140 Cerisay	338	617	35.00	111	111	92	-	-	-	-
Kisio Digital 20 bd Poniatowski - 75012 Paris	867	-1 945	34.02	1 687	1 687	12 990	-	14 265	-2 251	-
Trans Pistes 37-39 rue d'Athènes - 13127 Vitrolles	80	-97	40.00	32	-	-	-	402	2	-
Transports de l'Agglomération de Metz Metropole 10 rue des intendants Joseph et Ernest Joba - 57000 Metz	2 000	6	25.00	500	500	-	-	45 401	38	-
Keolis Velizy 12 avenue du Général De Gaulle - 78000 Versailles	359	11 956	40.36	310	310	-1 607	-	17 706	1 210	-
Keolis Pays des Volcans 14, avenue de la Gare - 63260 Aigueperse	904	611	45.97	416	416	373	-	4 913	-115	-
Transbusevry 266 avenue du Président Wilson - 93200 Saint Denis	415	1 228	31.08	138	-	-	-	-	79	-

(€ thousand) Companies or groups of companies	Equity at 31 December 2018		Percentage of capital held at 31 December 2018	Gross value of securities held at 31 December 2018	Net carrying value of securities held at 31 December 2018	Loans and advances granted by the Company and not refunded in credit at 31 December 2018	Amount of deposits and guararantees supplied by the Company at 31 December 2018	Revenue excl. VAT for financial year ended 31/12/2018	Net profit or loss (-) for financial year ended 31/12/2018	Dividends collected by the Company during the 2018 financial year
	Share capital	Other equity								
2) Foreign subsidiaries										
Prometro Rua de Campo Alegre 17, 2 - 4150-177 Porto - Portugal	500	2,585	20.00	100	100	579	-	-	-	-
Goldlinq Holdings Pty Ltd * Level 2,7 Bay Street -Southport Qld 4215 - Australia	-	-	-	5,964	5,964	-	-	-	-	-
Wuhan Tianhe Airport Transport Center Operation and Management Co., Ltd * 47 Huang Xia He Road - District of Jaang An - Wuhan - China	1,739 CNY	- CNY	-	85	85	-	-	-	-	-
Shanghai KEOLIS Public Transport Operation Management Co.* 5F Building No.1 - 909 Gullin Road - 201 103 Shanghai - China	10,000 CNY	151 CNY	49.00	724	724	-	-	87,408 CNY	4,106 CNY	-
STAR* Abidjan plateau - Avenue Nogue Immeuble Brodway - 011450 Abidjan - Ivory Coast	1,000 CFA,BEAC	-	25.00	-	-	-	-	-	-	-

* Subsidiaries presented in local currency for Equity, Revenue and Net profit.

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63 rue de Villiers
92208 Neuilly-sur-Seine Cedex
672 006 483 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

Ernst & Young Audit
Tour First - TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS (FOR THE YEAR ENDED 31 DECEMBER 2018)

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Keolis S.A. ("the Company") for the year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence
We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.
These assessments were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Accounting estimates
As part of our assessment, we inform you that our assessments made by us focused on the appropriateness of the accounting principles used and the reasonableness of the significant estimates made by the management relating particularly to the following matters:

- Measure the recoverable amount of goodwill resulting from technical losses on mergers (note 2.1.3),
- Measure the value is use of the financial investments and the recoverable value of current accounts and receivables from investments (note 2.1.3),
- Risks related to current litigations (note 2.5).

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to the Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the Shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment terms required by Article D.441-4 of the French Commercial Code (code de commerce).

Information related to the Corporate Governance

We attest the existence, in the report of the Board of Directors, on the Corporate Governance, of the information required by Article L.225-37-4 of the French Commercial Code (code de commerce).

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- I dentifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Neuilly-sur-Seine and Paris-La-Défense, March 12, 2019

PricewaterhouseCoopers Audit	Ernst & Young Audit	
Françoise Garnier-Bel	Jérôme Guirauden	Marie Le Treut